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OTHER MATTERS

UNITED NATIONS REGULAR AND EXTRABUDGETARY TECHNICAL COOPERATION EXPENDITURES

Information on United Nations system regular and extrabudgetary technical cooperation expenditures financed from sources other than UNDP

Report of the Administrator

Addendum

EXPLANATORY NOTES

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ABBREVIATIONS

AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AsDB	Asian Development Bank
EBE	Extrabudgetary Expenditures
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Africa
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
IDA	International Development Association
IFC	International Finance Corporation
ILO	International Labour Organization
IMO	International Maritime Organization
ITC	International Trade Centre
ITU	International Postal Union
NFTCE	Non-UNDP-financed technical cooperation expenditures
NGOs	Non-governmental organizations
RBE	Regular budget expenditures
SIS	Special Industrial Services
SM/LDCs	Special Measures Fund for the Least Developed Countries
TAS	Total assistance from the United Nations system
TC	Technical cooperation
UNCDF	United Nations Capital Development Fund
UNCED	United Nations Conference on Environment and Development
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund

UNIDO	United Nations Industrial Development Organization
UNITAR	United Nations Institute for Training and Research
UNV	United Nations Volunteers
UPU	United Nations Postal Union
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Tourism Organization

I. NOTE ON THE DATA

1. By its decision 81/34 of 27 June 1981, the Governing Council requested the Administrator to continue to provide data on the magnitude and composition of technical cooperation activities funded by organizations of the United Nations system other than the United Nations Development Programme (UNDP). The present report fulfils this responsibility for 1993. Besides data on agency regular and extrabudgetary expenditures/contributions, the report also contains, for completeness, data on UNDP, the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), and (technical cooperation expenditure only) the World Bank and the International Development Association (IDA).

2. The new definition for non-UNDP resources proposed in document DP/1989/60 has been adopted in the present report. Essentially, the old definition of non-UNDP resources has been adjusted to exclude expenditures against UNDP-administered funds since such expenditures are obviously controlled and disbursed by UNDP and are thus technical cooperation expenditures financed by UNDP. In document DP/1990/74, existing data was modified to conform with this new definition for the period 1980-1989. All data series from 1980-1993 are consistent with this new definition.

3. The present report is based on data supplied by participating and executing agencies, including the World Bank/IDA. The raw data for 1993 have been checked for consistency and accuracy, classified, aggregated and are presented in tables 1 to 10 of DP/1993/58/Add.2. The tables are arranged in a specific order: tables 1 through 7 are concerned with technical cooperation expenditures; tables 8 and 9 record contributions; and table 10 summarizes total expenditures for that portion of the United Nations system covered by the report. (For a discussion of the terminology and charts depicting the breakdown of contributions and expenditure, see annex.) In more detail, table 1 is intended as a summary, by agency, of grant technical cooperation expenditures by agencies, including UNFPA, and UNDP (central resources and administered funds) while table 2 shows the same data but distributed by sectors. Table 3, an extremely aggregative and important table, brings together total non-UNDP financed technical cooperation expenditures: regular budget expenditures plus agency extrabudgetary expenditures plus expenditures by UNFPA. Several features of this table are worth observing: (a) expenditures are classified according to sectors; (b) for each agency, expenditures are distributed according to type of expenditure: regular budget (A), United Nations system extrabudgetary sources other than UNDP (B1), non-United Nations system multilateral sources (B2), bilateral sources channelled through the United Nations system (C1), and unilateral "self-supporting" sources (C2); and (c) expenditures by UNFPA, all of which are taken to be B1 expenditures, are distributed according to executing agency. This means that the reported B1 expenditures of agencies are augmented by the amount of UNFPA expenditures for which they have been responsible (as reported by UNFPA). As a result, UNFPA itself is responsible for only a small portion of its own expenditure. For example, in 1993, UNFPA reported total expenditures of $134.2 million but it was directly responsible for only $49.9 million.

4. Tables 4 through 6 amplifies on the sources of table 3. More specifically, table 4 breaks down regular budget expenditures (A) by country and agency. Obviously, the grand total of this table is the same as that shown in the total column of line A at the end of table 3. Table 5 contains the distribution of expenditures stemming from United Nations system other than UNDP (B1) by country and agencies. The total in this table also agrees with that shown in the total column of line B1 at the end of table 3. Table 6 is concerned with expenditures funded from non-United Nations system multilateral sources (B2), also classified by country and agency. Again, the total of this table equals that shown in the total column of line B2 at the end of table 3. The country-agency breakdown of bilateral resources channelled through the United Nations system (C1) is given in table 7; the total of this table is the same as that in the total column, line C1, at the end of table 3. Finally, the country-agency distribution of unilateral expenditure (C2) is shown by the final column of table 10. Again, the total of this table agrees with that in line C2 of table 3.

5. Table 8 relates to contributions received for the funding of the extrabudgetary expenditures of agencies, organized under the following headings: unilateral and bilateral sources (country or territory and non-governmental organizations) and multilateral sources (United Nations system and non-United Nations system). Contributions received by agencies to fund "self-supporting" technical cooperation expenditures are presented in table 9. Finally, table 10 consolidates expenditures by agencies, including UNDP (central and administered funds), UNFPA, UNICEF, WFP and the World Bank/IDA so as to present a quick view of "total" expenditures flowing through the United Nations system during 1991. Total is in inverted commas to indicate the fact that the table does not reflect the real magnitude of expenditure of the United Nations system since data on the expenditures (primarily operational) of some other agencies are not included.

6. There are four cautionary notes for the usage of the data. The first is related to the budget period of agencies. All agencies operate on an annual budget except WHO and UNICEF, which have a biennial budgeting horizon. This, however, is not a problem with UNICEF, which continues to submit expenditures on an annual basis. WHO, on the other hand, produces estimated expenditure for the first year of the biennium while the statement for the second year of the biennium includes expenditure incurred in that year plus adjustments to expenditures in the previous year. In practice, it turns out that expenditures in the final year of the biennium have been much higher than in the first year of the biennium. To deal with this and to avoid huge jumps in WHO expenditure from year to year, the approach adopted is to apportion total expenditure equally over both years of the biennium. One consequence of this is that there is no practical way of updating the detailed breakdown of expenditure in the first year of the biennium because (a) the report for that year has already been finalized (since it is the report of the previous year) and (b) the statistical annex of all reports, which contain desegregated data in some detail, has a coverage of only one year.

7. The second point concerns the type of expenditure data used in the report. In general, the data refer specifically to programme expenditure, which is net of administrative and support costs. The only exception to this rule is WHO: its data is inclusive of support costs but not of administrative costs. Third, for the third straight year, ECA has advised that its unilateral self-supporting

contributions constitute, in effect, a pooled fund, representing the United Nations Trust Fund for African Development (UNTFAD). In view of the pool-accounting nature of the resources, it is difficult to identify contributions of any specific country intended to fund projects only in that particular country. In short, in this case the term "self-supporting contributions/expenditure" deviates from its normal meaning. Finally, data reported by the United Nations Educational, Scientific and Cultural Organization (UNESCO) under its regular budget expenditure represent expenditure incurred under that organization's participation programme, a practice which began in 1982.

Organization of the report

8. The present report differs from previous ones in terms of coverage of substantive issues, organization, scope and elimination of duplication and unnecessary details. The nature of the data and its limitations are briefly reviewed in the first section. Section II discusses expenditure, beginning with non-UNDP financed technical cooperation expenditure and then moving to total technical cooperation and total operational expenditure. The analysis thus progresses upwards as it builds an increasingly aggregated view of expenditure incurred by the United Nations system. Finally, section III of the report is concerned with contributions from multilateral and bilateral sources - contributions that are intended to finance the extrabudgetary expenditures of agencies. Throughout the 12-year period from 1982 to 1993, the focus is on growth and general tendencies but no attempt is made to explain these general observations. The choice of 1982 as the beginning of the period covered by the report was dictated by the data set, in terms of reliability and the degree of aggregation of the data. To provide a more solid statistical foundation for the conclusions of the report, a longer time period would be required but this is not possible owing to the limitations of the data set. For a summary of the main findings of the present report, see document DP/1994/40.

II. UNITED NATIONS SYSTEM EXPENDITURE

A. Non-UNDP financed technical cooperation expenditure (NFTCE): an aggregate profile

9. Movement through time: At the beginning of the 12-year period, 1982-1993, NFTCE stood at $768 million but reached $1,288 million by the end, an increase of 68 per cent. This works out to an annual average growth of 5.3 per cent, which means that NFTCE recorded a small but real increase once allowance is made for rising prices. 1/ Neither nominal nor real growth was uniform, evidenced by standard deviations higher than their means (table 1). Some idea of the volatility of growth rates is given by chart 1: nominal growth oscillated not only from high to low positive values in see-saw fashion, but also from positive to negative values. Apart from this variability, the essential point of the chart is that, in general, NFTCE grew modestly during the first eight years of the period before giving way since 1991 to a poor performance. In fact, NFTCE shrank in real terms during the last three years.

Table 1. Non-UNDP-financed technical cooperation expenditures: some descriptive statistics, 1982-1993

	NFTCE	RNFTCE	NFTCE growth	RNFTCE growth	US CPI
Mean	999.33	948.59	5.30	1.27	104.46
Median	901.50	907.80	2.26	-1.31	102.00
Maximum	1 294.00	1 114.88	34.14	27.25	127.10
Minimum	768.00	857.69	-2.09	-5.85	84.90
Std. dev.	217.66	86.80	9.57	8.63	14.37
Skewness	0.50	0.77	2.39	2.38	0.23

Notes: NFTCE = Nominal non-UNDP-financed technical cooperation expenditure; RNFTCE = real non-UNDP-financed technical cooperation expenditures; CPI = consumer price index.

10. The frequent gyrations of the growth of NFTCE is perhaps inevitable, being a direct function of the income side, driven as it is by voluntary and purpose-related contributions from donors. Given this, a clear route is open for short-term factors, such as perception, economic conditions, humanitarian concerns – factors that weigh heavily on contribution and thus expenditure, both their levels and rates of growth.

11. Some other key features of NFTCE: These are (a) dominance of extrabudgetary expenditures; (b) dominance of WHO and FAO; and (c) the dominance of the health, agricultural and population sectors.

Expenditure source

12. Three sets of expenditure comprise NFTCE: agency regular budget expenditures (RBE); agencies extrabudgetary expenditures (EBE); and expenditures by UNFPA. Two features characterize EBE as a share of NFTCE: (a) it is the largest component, averaging 57 per cent during the period; and (b) its share has been rising over time, moving from 54 per cent in 1982 to 63 per cent in 1993, with accelerated growth since 1988. In effect, it is true to say that agencies rely heavily on extrabudgetary sources to fund the major portion of their technical cooperation activities. Until 1987, RBE contributed about one third of NFTCE but since then it had accounted for no more than 26 per cent. Expenditures from UNFPA as a share of NFTCE have also been declining, particularly since 1990, reaching 10 per cent in 1993. Further details are given in chart 2, which profiles over time the relative shares of the three expenditure sources comprising NFTCE.

13. We have therefore found that while NFTCE grew only marginally in real terms, its distribution by component has experienced deeper changes – changes that indicate a greater reliance on extrabudgetary sources of expenditures.

Chart 1. Non-UNDP-financed technical cooperation expenditures: nominal growth, 1982-1993

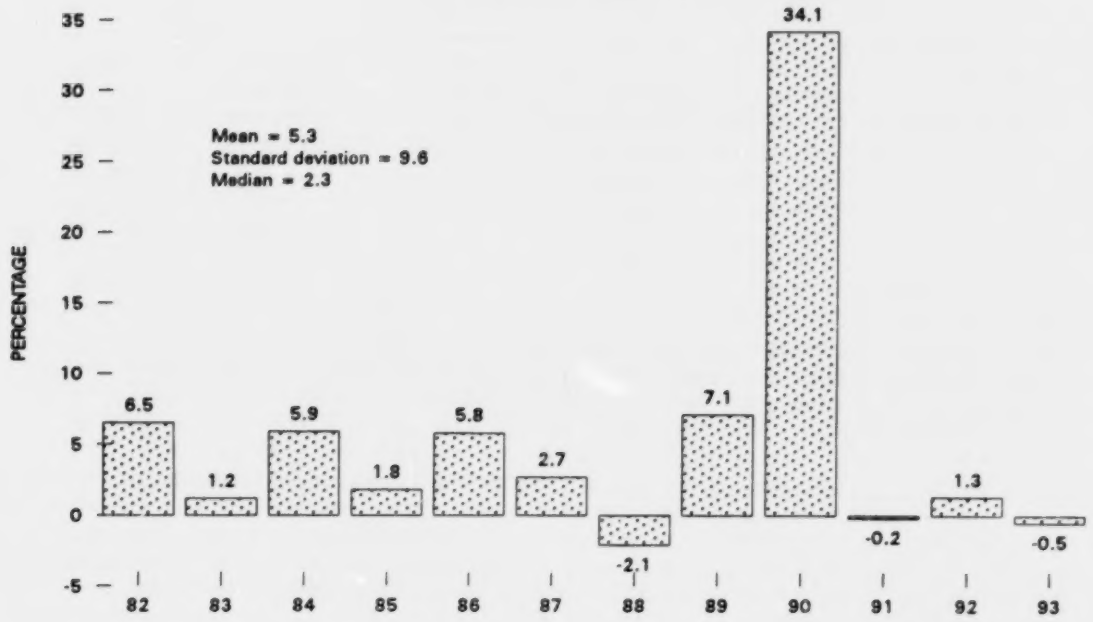
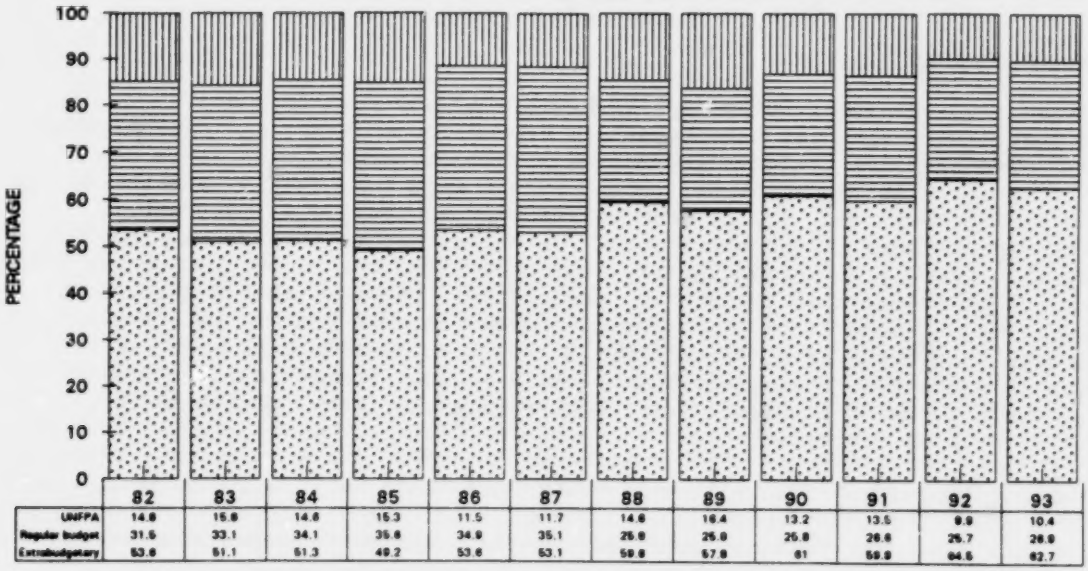


Chart 2. Non-UNDP-financed technical cooperation expenditures: relative size of expenditure components, 1982-1993



	82	83	84	85	86	87	88	89	90	91	92	93
UNFPA	14.8	15.8	14.6	15.3	11.5	11.7	14.6	16.4	13.2	13.5	8.9	10.4
Regular budget	31.5	33.1	34.1	35.6	34.9	35.1	25.9	25.9	25.8	26.6	25.7	26.9
Extrabudgetary	53.6	51.1	51.3	49.2	53.6	53.1	59.6	57.9	61	59.9	64.6	62.7

Dominance of WHO and FAO

14. NFTCE is not only dominated by FAO and WHO but their share is also rising over time, moving from about 54 per cent in 1982 to a sudden peak of 62 per cent in 1986; it has since returned to normalcy. Indeed, the share of these two agencies has remained fairly stable during the 12-year period (a mean of 57 per cent and a standard deviation of 2.8). In light of this, it seems reasonable to conjecture that FAO and WHO will continue to account for slightly under 60 per of NFTCE in the future.

15. Which is the largest agency? In terms of technical cooperation expenditure, WHO accounts for the largest share of NFTCE – an annual average of 38 per cent. More importantly, the data show that the relative importance of this agency is rising, particularly since 1990, peaking at 42 per cent in 1993. Seen from another angle, WHO is twice as large as FAO, which was responsible for an annual average of 19 per cent of NFTCE. Since 1991, FAO has lost some ground, with its share sliding to 16 per cent in 1993.

Box 1. Definition of important terms in this section

1.	Regular budget expenditures (RBE) + extrabudgetary budget expenditures (EBE) + UNFPA	=	Non-UNDP-financed technical cooperation expenditures (NFTCE)
2.	NFTCE + UNDP	=	Grant TC
3.	Grant TC + World Bank/IDA	=	Total TC
4.	Grant TC + WFP + UNICEF	=	Grant total assistance
5.	Total TC + WFP + UNICEF	=	Grand total assistance

Dominance of the health and agricultural sectors

16. Given the relatively close correspondence between the larger agencies and sectors, it follows naturally that agriculture and health will dominate. In the early 1980s, these two sectors were responsible for as much as one half of NFTCE, a figure that climbed to almost 60 per cent during the 1990s. Another 13 per cent of the expenditures, funded principally by UNFPA, went to the population sector but the position of this sector has been eroding, gradually falling from 15 per cent in 1982 to 10 per cent in 1993. Sectoral preference aside, it remains true that the bulk of non-UNDP-financed technical cooperation expenditure is invested in the health, agricultural and population sectors - about 70 per cent in recent years.

Table 2. Non-UNDP-financed technical cooperation expenditures, 1980-1993

	NFTCE	RNFTCE	NFTCE growth	RNFTCE growth	US CPI
	(Millions of dollars)		(Percentage)		Base = 1987
1980	429.00	591.72	-	-	72.50
1981	721.00	902.38	68.07	52.45	79.90
1982	768.00	904.59	6.52	0.25	84.90
1983	777.00	886.99	1.17	-1.95	87.60
1984	823.00	900.44	5.92	1.52	91.40
1985	838.00	885.84	1.82	-1.62	94.60
1986	887.00	920.12	5.85	3.87	96.40
1987	911.00	911.00	2.71	-0.99	100.00
1988	892.00	857.69	-2.09	-5.85	104.00
1989	955.00	876.15	7.06	2.15	109.00
1990	1 281.00	1 114.88	34.14	27.25	114.90
1991	1 278.00	1 066.78	-0.23	-4.31	119.80
1992	1 294.00	1 045.23	1.26	-2.02	123.80
1993	1 288.00	1 013.38	-0.46	-3.05	127.10

Notes: NFTCE = Nominal non-UNDP-financed technical cooperation expenditure; RNFTCE = real non-UNDP-financed technical cooperation expenditures; CPI = consumer price index.

B. Technical cooperation assistance delivered by the United Nations system

17. For the purposes of the present report, technical cooperation expenditure of the United Nations system may be defined from two standpoints, depending upon the entities included in the definition:

Definition 1: This definition counts as technical cooperation the assistance delivered by the agencies, including UNFPA, and UNDP, net of administrative and support costs. It may be referred to as grant technical cooperation assistance by the United Nation system.

Definition 2: This definition adds the technical cooperation expenditures of the World Bank and IDA (not the total expenditures of these organizations) to the amounts obtained by definition 1, net of administrative and support costs. It is thus a more comprehensive definition and is referred to in this report as total technical cooperation assistance by the United Nations system.

Box 2. Calculating the value of a real variable

Most time series are given at current values. How does one convert current to real values? Two things are necessary for this exercise: (a) the nominal series, and (b) an appropriate deflator with a given base year. For purposes of illustration, assume that Y_t and D_t represent, respectively, gross domestic product and consumer price index in year t. Then algebraically the real value of GDP in year t is given by the formula:

$$\text{Real } Y_t = (Y_t/D_t) \times 100$$

In other words, real GDP in a given year is equal to nominal GDP in that year divided by the value of CPI in the same year, with the resulting quotient being multiplied by 100. For example, in 1985 the US nominal GDP was $4,016.7 billion while the CPI was 94.6, with the base year being 1987. Using this formula, the real GDP in 1985 was:

$$(\$4,016.7/94.7) \times 100 = \$4,246.0$$

That is, based on 1987 prices, the real value of the US GDP in 1985 was $4,246.0. This increased value is due to the fact that in 1987 consumer prices were higher than in 1985.

Note: The CPI measures the level of prices, not the rate of inflation, which is measured by the rate of change of the CPI.

18. What is the rationale for two separate definitions? It is that technical cooperation assistance by the World Bank/IDA is provided on different terms and conditions than the rest of the United Nations system. In fact, such expenditures from the World Bank/IDA are made up of loans and credits (and perhaps grants in some cases) rather than outright grants. They are also used to fund consultants who may work on both capital and technical cooperation projects.

19. In 1993, UNDP, the agencies and UNFPA delivered as total of $2,492 million of grant technical cooperation assistance to programme countries or as much as 1.7 times the amount delivered in 1982. In effect, this means that such expenditures grew at an annual average of 4.5 per cent during the last twelve years, which is exactly equal to the average rate of inflation in the United States. Clearly, grant technical cooperation assistance (definition 1 above) just managed to keep pace with rising prices. In fact, when valued at 1987 prices, real grant technical cooperation expenditure in 1993 was only 12 per cent larger than what it was twelve years earlier.

20. The growth of nominal grant technical cooperation expenditures was by no means as smooth: its standard deviation (8) is almost twice the size of the mean rate of growth; such a disproportionately high standard deviation constitutes statistical evidence of extreme variability. After recording negative growth in the first two years of the period, grant technical cooperation expenditures produced an unblemished record for the next eight years. In 1992, growth gave way to falling expenditures and while there was a recovery in 1993, it was anaemic at best (chart 3). In short, grant technical cooperation expenditure performed poorly over the last three years, contracting in real terms.

21. Total technical cooperation expenditures (definition 2 above) by the United Nations system as a whole amounted to $3,940 million in 1993, which is about 1.8 times what it was in 1982. In terms of a single statistic, such expenditures increased by 5.7 per cent per year during the period. In addition to a better growth performance, total technical cooperation expenditure is characterized by a greater degree of stability, judging from the size of its standard deviation (table 3).

Table 3. Growth of grant and total technical cooperation expenditures, 1982-1993

	Nominal terms		Real terms	
	Grant TC	Total TC	Grant TC	Total TC
Mean	4.45	5.73	0.49	1.72
Median	2.79	5.79	-0.72	1.31
Maximum	24.74	13.63	18.33	10.22
Minimum	-5.97	-0.51	-8.87	-4.34
Std. deviation	8.03	4.66	7.59	4.58

22. What is the reason for the different growth performance between the two definitions of technical cooperation? Obviously, it is the inclusion of the World Bank/IDA in the broader definition; that is, to the inclusion of additional technical cooperation, for which a price is paid. The introduction of "purchased" - that is, concessional - technical cooperation changes the picture of growth in at least two important ways (compare charts 3 and 4). First, the decline in 1982, 1983 and 1992 recorded in chart 3 is reversed in chart 4. Second, for most years during the period, the rate of growth improved significantly. These changes are indicative of the importance of concessional technical cooperation expenditures (the World Bank/IDA share): as much as 36 per cent per year during the 12-year period. Finally, the data also indicate concessional technical cooperation expenditures have risen in importance over the last two years.

Chart 3 . The United Nations system (excluding the World Bank and IDA): nominal growth of technical cooperation expenditures, 1982-1993

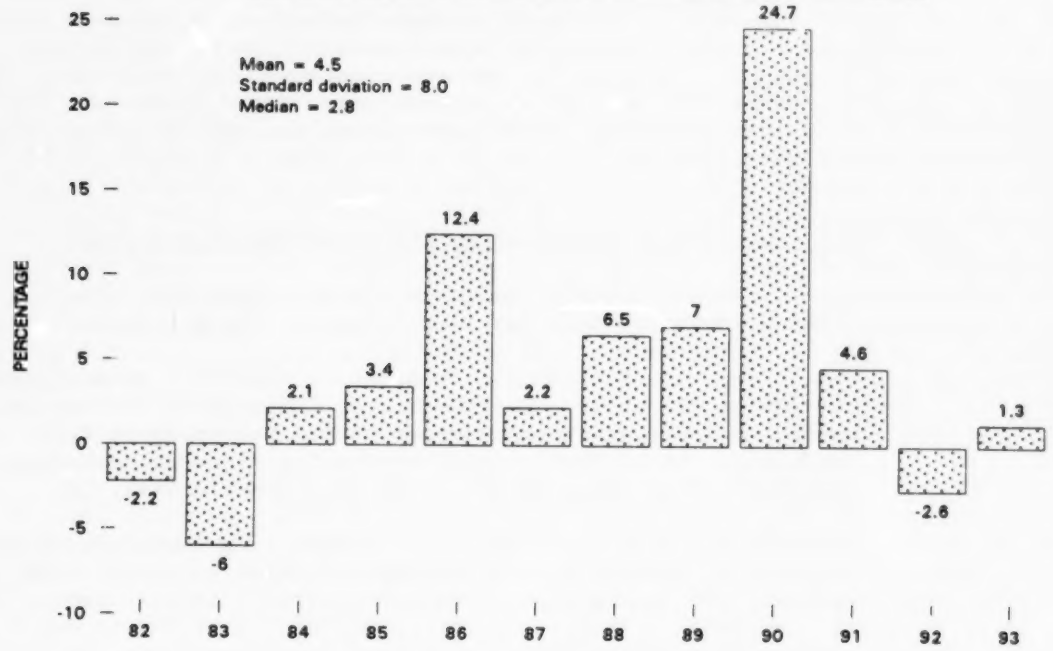
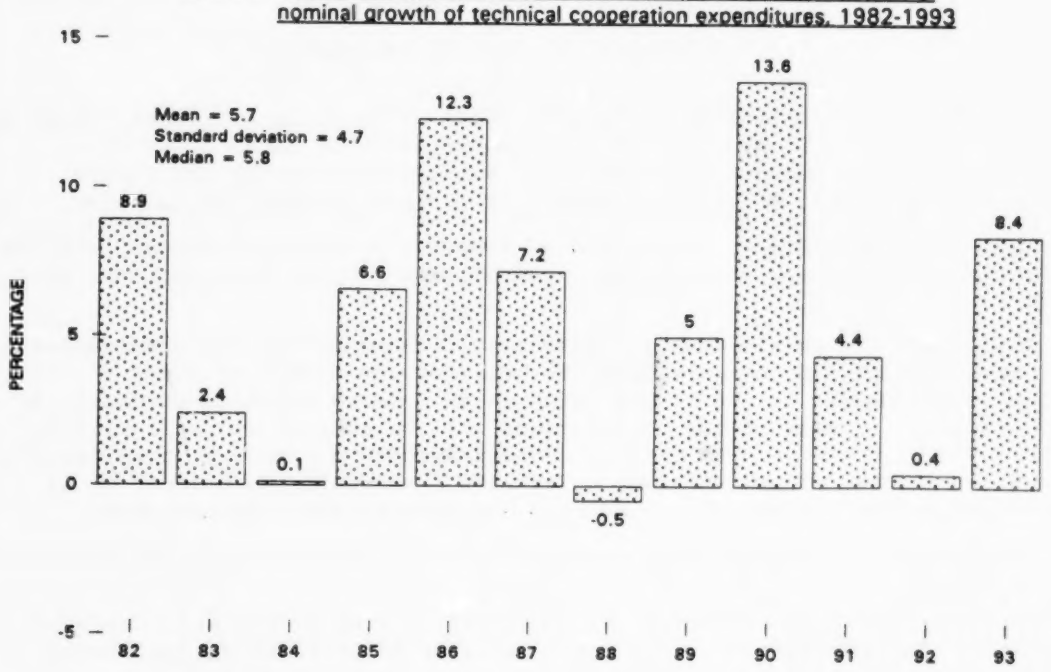


Chart 4 . The United Nations system (including the World Bank and IDA): nominal growth of technical cooperation expenditures, 1982-1993



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23. Have total technical cooperation expenditures increased in real terms during the 12-year period? If allowance is made for inflation (as measured by the US consumer price index), then such expenditures of the United Nations system grew by an annual average of 1.7 per cent, or more than four times as fast as real grant technical cooperation expenditures (table 3 above). The level of real total technical cooperation expenditure in 1993 was 19 per cent higher than what it was in 1982.

C. Total assistance delivered by the United Nations system

24. Corresponding to the two definitions of technical cooperation, two definitions of total assistance (TAS) may be developed. These are:

Definition 3: TAS is the sum of technical cooperation expenditures as given by definition (1) above and expenditures incurred by WFP and UNICEF, net of administrative and support cost. According to this definition, TAS is grant total assistance since it excludes technical cooperation expenditures by the World Bank/IDA.

Definition 4: TAS is the sum of total technical cooperation expenditures as given by definition 2 above and expenditures incurred by UNICEF and WFP, net of administrative and programme support costs. For the purposes of this report, this definition of TAS is taken as grand total assistance.

Box 3. Measures of central tendency

Most batches of data show a distinct tendency to group or cluster about a certain central point. Thus for any particular batch of data, it usually becomes possible to select some typical or average to describe the entire batch. Such a typical value is a measure of central tendency or location.

Four types of averages often used as measures of central tendency are the arithmetic mean, the median, the mode, and the mid-range. Here we focus on the first two.

The simple arithmetic mean is calculated by summing all the observations in a batch of data and then dividing the total by the number of items involved. The median is the middle value in an ordered sequence of data. If there are no ties, half of the observations will be smaller and half will be larger. Unlike the mean, the median is unaffected by any extreme observations in a batch of data. Thus, whenever an extreme observation is present it is appropriate to use the median rather than the mean to describe the data.

It is necessary to add immediately that both definitions of TAS are likely to underestimate considerably the true total value of TAS for the entire United Nations system since expenditures by several entities involved with

non-technical cooperation activities have been omitted since they fall outside the coverage of the present report.

25. Grant TAS - definition 3 - amounted to $4,784 million in 1993 or slightly more than double the amount expended in 1982. Given the variability in the data, this amounts in nominal terms to an average growth of 6.5 per cent, thus permitting a real average growth of 2.5 per cent per annum. As can be seen from chart 5, grant TAS managed to maintain positive growth (nominal) from 1984 to the end of the period. The only time during the 12-year period that grant TAS fell was 1983. Grand TAS - definition 4 - was $6,232 million in 1993 or twice the amount recorded at the beginning of the period. Total TAS not only grew at a slightly faster rate in both nominal and real terms (6.9 and 2.9 per cent per year, respectively) than grant TAS but it was characterized by a record of straight (positive) growth throughout the 12-year period, a rather remarkable achievement (chart 6).

26. It is convenient at this at stage to bring together the crucial findings of the above discussion. In 1993:

(a) Grant technical cooperation expenditures (definition 1 above) to programme countries was about 1.7 times the amount delivered in 1982. In nominal terms, this permitted a mean annual growth of 4.5 per cent but if allowance is made for rising prices, real growth amounts to 0.5 per cent;

(b) Total technical cooperation expenditure (definition 2 above) by the United Nations system as a whole was about 1.8 times what it was in 1982. In nominal terms, this permitted a mean annual growth of 5.7 per cent but if allowance is made for rising prices, real growth amounts to 1.7 per cent;

(c) Grant TAS assistance (definition 3 above) was double the size of what it was in 1982. In nominal terms, this permitted a mean annual growth of 6.5 per cent but if allowance is made for rising prices, real growth amounts to 2.5 per cent; and

(d) Grand TAS (definition 4 above) was double the size of what it was in 1982. In nominal terms, this permitted a mean annual growth of 6.9 per cent but if allowance is made for rising prices, real growth amounts to 2.9 per cent.

Box 4. Two other properties of a batch of data: dispersion and shape

In addition to central tendency, there are two other important properties of a batch of data: dispersion and shape.

Dispersion is the amount of variation or "spread" in the data. Four measures of dispersion are the range, the variance, the standard deviation and the coefficient of variation. The measures used in the report are the range and the standard deviation.

The range is the difference between the largest and the smallest observations in a batch of data. It measures the "total spread". Its most important weakness is that it fails to take into account how the data are distributed between the smallest and largest values. As a result, it would be improper to use the range as a measure of dispersion when either one or both of its components are extreme observations.

The standard deviation, which is the square root of the variance, measures the "average" scatter around the mean - that is, how larger and smaller observations are distributed, respectively, above and below the mean. A quick intuitive insight into the notion of the standard deviation is to contrast the words "stability" and "variability". If a set of data is stable, then individual observations are not vastly different from each other. If, on the other hand, we are working with a variable data set, we need some means of summarizing how individual observations are different from the mean of all observations. This is precisely the purpose of the standard deviation. In other words, the standard deviation provides an upper and a lower bound for the observations. One standard deviation on either side of the mean will theoretically contain some 68.26 per cent of all observations in the data set. Two standard deviations on either side of the mean will theoretically contain 95.44 per cent of all observations in the data set. From this brief discussion three points emerge. The standard deviation (a) is a measure of the variability in the data; (b) must be considered in relation to the mean - that is it cannot be given a meaningful interpretation in isolation of the central tendency in the data; and (c) gives an idea of the range within which a certain percentage of the observations will fall. Note, finally, that, unlike the variance, the standard deviation is in the same units as the original data.

27. The clear implication of points (a), (b), (c) and (d) above is that non-technical cooperation expenditures - the difference between grant and grand TAS, which comprises expenditures by WFP and UNICEF, must (a) account for a large share of TAS and (b) have grown rapidly during the period. Evidence in favour of both points is presented in chart 7. While the share of non-technical cooperation expenditure averaged 31 per cent per annum, it is clear from the chart (left axis) that it has been rising over time, reaching 37 per cent in 1993 after peaking at almost 40 per cent in the previous year. Further, in support of point (b), non-technical cooperation expenditure grew, in nominal terms, twice as fast as technical cooperation expenditures.

Chart 5. The United Nations system (excluding the World Bank and IDA): nominal growth of total expenditures, 1982-1993

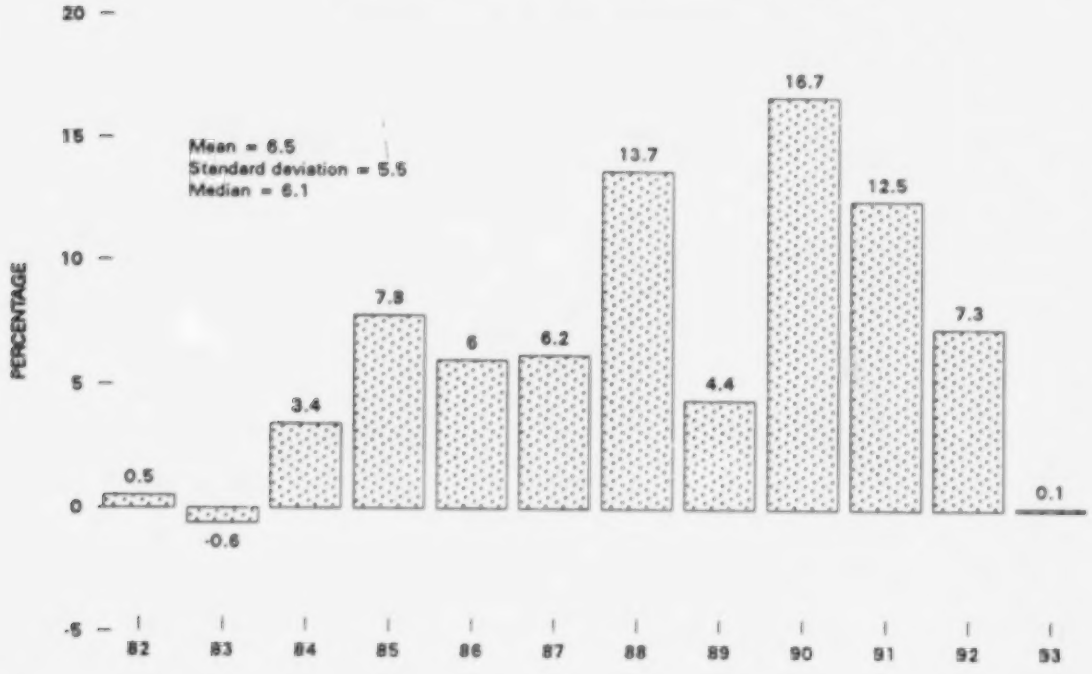


Chart 6. The United Nations system (including the World Bank and IDA): nominal growth of total cooperation expenditures, 1982-1993

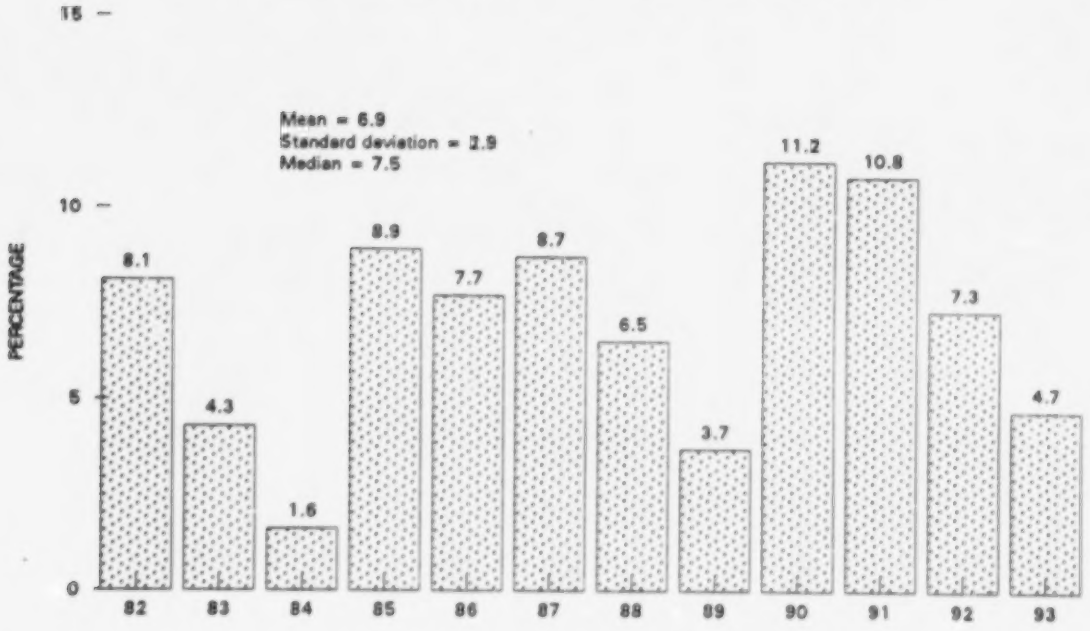
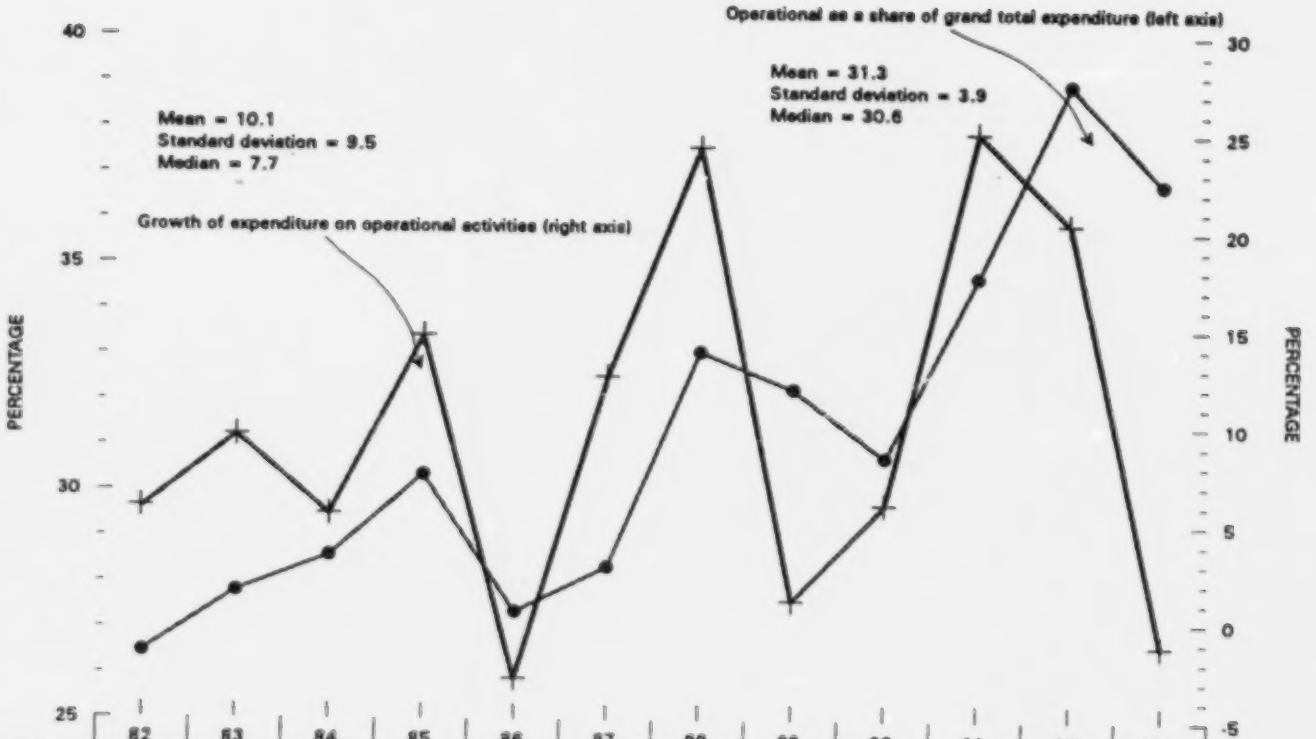


Chart 7. Operational expenditure: its share and nominal growth, 1982-1993



	82	83	84	85	86	87	88	89	90	91	92	93
Non-TC expenditures as a share of OA ●	26.46	27.79	28.58	30.36	27.36	28.34	33.07	32.25	30.75	34.72	38.94	36.78
Growth of Non-TC expenditures +	5.83	9.51	5.49	14.63	-2.93	12.56	24.31	1.11	5.99	25.06	20.4	-1.16

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28. The other side of the discussion in the above paragraph is that technical cooperation expenditure must be getting smaller as a share of TAS. In fact, if the World Bank/IDA is excluded - definition 2 above - grant technical cooperation expenditure averaged 58 per cent of grant OA during the period. While this share remained relatively stable prior to 1986, since then the tendency is one of decline, falling to 52 per cent by 1993. If the World Bank/IDA is included, then total technical cooperation expenditure averaged 69 per cent of grand TAS - here again its share is slipping - from 74 per cent in 1982 to 63 per cent in 1993. Clearly, technical cooperation expenditure - grant or otherwise - is being compressed in relative terms as operational activities consume an increasing share of the United Nation system resources.

29. What is the relative importance of UNDP, the agencies and the World Bank/IDA in the annual stock of technical cooperation expenditure from the United Nations system? In 1993, the UNDP share of grant technical cooperation expenditure stood at 48 per cent - exactly where it was 12 years earlier; this stability is also true of the agency (including UNFPA) share: about 52 per cent, both at the beginning and end of the period. If total technical cooperation assistance is considered - definition 3 above - the World Bank/IDA accounted for an average of 36 per cent, agencies for 34 per cent and UNDP for 30 per cent. Unlike the stability characterizing the grant technical cooperation, the data reveal a tendency towards a gradual decline of the relative shares of both the agencies and UNDP in the stock of total technical cooperation expenditure. On the other hand, the relative importance of the World Bank has risen from 33 per cent in 1982 to 37 per cent in 1993. Tables 4 and 5 offer more detailed information.

Table 4. Grant and total technical cooperation expenditures: some descriptive statistics, 1982-1993

	Grant TC		Total TC			Grant TC as a % of grant TAS	Total TC as a % of total TAS
Statistics	Agencies	UNDP	Agencies	UNDP	WB/IDA		
Mean	52.85	47.15	33.77	30.18	36.05	58.44	68.68
Median	52.83	47.17	34.35	31.15	37.04	58.91	69.45
Maximum	57.51	50.72	36.94	34.43	41.84	65.09	73.54
Minimum	49.28	42.49	30.67	26.41	30.29	51.47	61.06
Std. dev.	2.67	2.67	2.11	2.80	3.70	4.04	3.95
Skewness	0.32	-0.32	-0.11	-0.13	-0.34	-0.31	-0.58

Table 5. Grant and total technical cooperation expenditures: share by organization, 1982-1993

Years	Grant TC		Total TC			Grant TC as a % of grant TAS	Total TC as a % of grant TAS
	Agencies	UNDP	Agencies	UNDP	WB/IDA		
1980	37.90	62.10	28.68	46.99	24.33	59.02	65.56
1981	47.34	52.66	35.34	39.31	25.34	66.86	72.99
1982	51.54	48.56	34.58	32.51	32.91	65.09	73.54
1983	55.46	44.54	34.17	27.44	38.39	61.56	72.21
1984	57.51	42.49	36.16	26.71	37.13	60.79	71.15
1985	56.66	43.34	34.53	26.41	39.06	58.30	69.64
1986	53.34	46.66	32.54	28.45	38.99	61.82	72.64
1987	53.58	46.41	31.17	26.99	41.84	59.52	71.66
1988	49.28	50.72	30.67	31.57	37.76	55.74	66.93
1989	49.32	50.67	31.29	32.14	36.57	57.13	67.75
1990	53.04	46.96	36.94	32.70	30.36	61.06	69.25
1991	50.61	49.39	35.28	34.43	30.29	56.73	65.28
1992	52.62	47.38	35 59	32.04	32.37	51.47	61.06
1993	51.68	48.31	32.69	30.56	36.75	52.09	63.22

Table 6. Technical cooperation and total expenditures, 1980-1993

Year	TC - Definition 1		TC - Definition 2		TAS - Definition 3		TAS - Definition 4	
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real
1980	1 132.00	1 561.38	1 496.00	2 063.45	1 918.00	2 645.52	2 282.00	3 147.59
1981	1 523.00	1 906.13	2 040.00	2 553.19	2 278.00	2 851.06	2 795.00	3 498.12
1982	1 490.00	1 755.01	2 221.00	2 616.02	2 289.00	2 696.11	3 020.00	3 557.13
1983	1 401.00	1 599.32	2 274.00	2 595.89	2 276.00	2 598.17	3 149.00	3 594.75
1984	1 431.00	1 565.65	2 276.00	2 490.15	2 354.00	2 575.49	3 199.00	3 500.00
1985	1 479.00	1 563.43	2 427.00	2 565.54	2 537.00	2 681.82	3 485.00	3 683.93
1986	1 663.00	1 725.10	2 726.00	2 827.80	2 690.00	2 790.46	3 753.00	3 893.15
1987	1 700.00	1 700.00	2 923.00	2 923.00	2 856.00	2 856.00	4 079.00	4 079.00
1988	1 810.00	1 740.39	2 908.00	2 796.15	3 247.00	3 122.12	4 345.00	4 177.89
1989	1 936.00	1 776.15	3 052.00	2 800.00	3 389.00	3 109.17	4 505.00	4 133.03
1990	2 415.00	2 101.83	3 468.00	3 018.28	3 955.00	3 442.12	5 008.00	4 358.57
1991	2 525.00	2 107.69	3 622.00	3 023.37	4 451.00	3 715.36	5 548.00	4 631.05
1992	2 459.00	1 986.27	3 636.00	2 937.00	4 778.00	3 859.45	5 955.00	4 810.18
1993	2 492.00	1 960.66	3 940.00	3 099.92	4 784.00	3 763.97	6 232.00	4 903.22

D. Non-UNDP-financed technical cooperation expenditures: A review of its components

30. This section will examine the evolution of the components of NFTCE during the 12-year period 1982-1993.

1. Regular budget expenditures (RBE)

31. Regular budget expenditures - defined as technical cooperation expenditures financed out of the assessed budgets of agencies - amounted to $345.8 million during 1993, which represents an increase of 4.2 per cent over the previous year. At this level of expenditure, RBE was only 1.4 times its size in 1982. As in the past, the major portion of RBE is attributable to WHO: $198.2 million (or 57 per cent). Another $38.1 million (11 per cent) and $36.7 million (10.6 per cent) were provided by FAO and IAEA, respectively. For further details on the distribution of RBE by agencies, see table 1 of DP/1994/40/Add.2.

Some important features of RBE

32. Relative importance. RBE continues to be an important source of funding for the technical cooperation activities of agencies, averaging about 35 per cent of total expenditures by agencies (RBE plus EBE). The time profile of this share, plotted in chart 8, indicates two distinct periods. First, during 1982 to 1987, RBE accounted for about 40 per cent of agency expenditures. Second, for the rest of the period, the relative share of RBE fell to about 30 per cent. There is, therefore, some statistical support for the view that regular budgetary expenditures have financed a smaller share of agency technical cooperation expenditures during the past six years.

33. Of the three expenditure sources comprising NFTCE (RBE plus EBE plus UNFPA), RBE ranks second in terms of size: during the period it accounted for about 30 per cent. But here again its share has been sliding since 1988, averaging only 26 per cent per year since then.

34. Growth. If the two extreme values (outliers in statistical terminology) are excluded, then the rate of growth of RBE ranged between -2.4 and 13.6 per cent, with both the mean and median at about 5 per cent, which is slightly more than the average annual rate of inflation during this period (chart 9). In other words, RBE recorded a small but real rate of growth during the last twelve years (this is in fact true even if the two outliers are included).

35. But if RBE has been growing both in nominal and real terms, then why is its relative significance as a source of funding for the technical cooperation expenditure of agencies falling? Simply because (a) of the overwhelming significance of extrabudgetary expenditures - about two thirds of agencies expenditure comes from extrabudgetary sources; and (b) funding from extrabudgetary sources has grown faster than RBE (2 per cent faster), as can be seen from table 7 below.

Chart 8. Regular budget expenditures as a share of total agency expenditures, 1982-1993

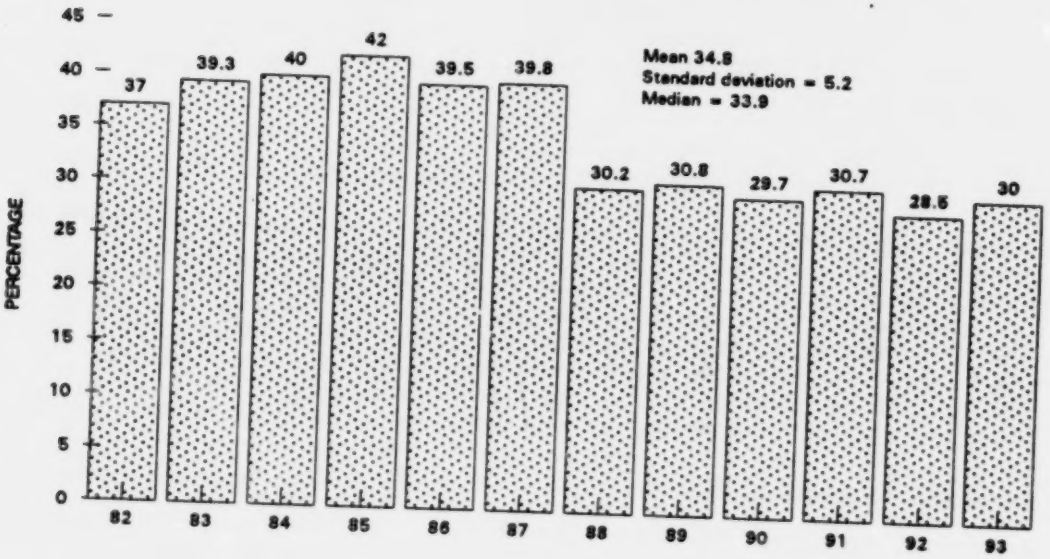

Chart 9. Regular budget expenditures of agencies: nominal growth rate, 1982-1993

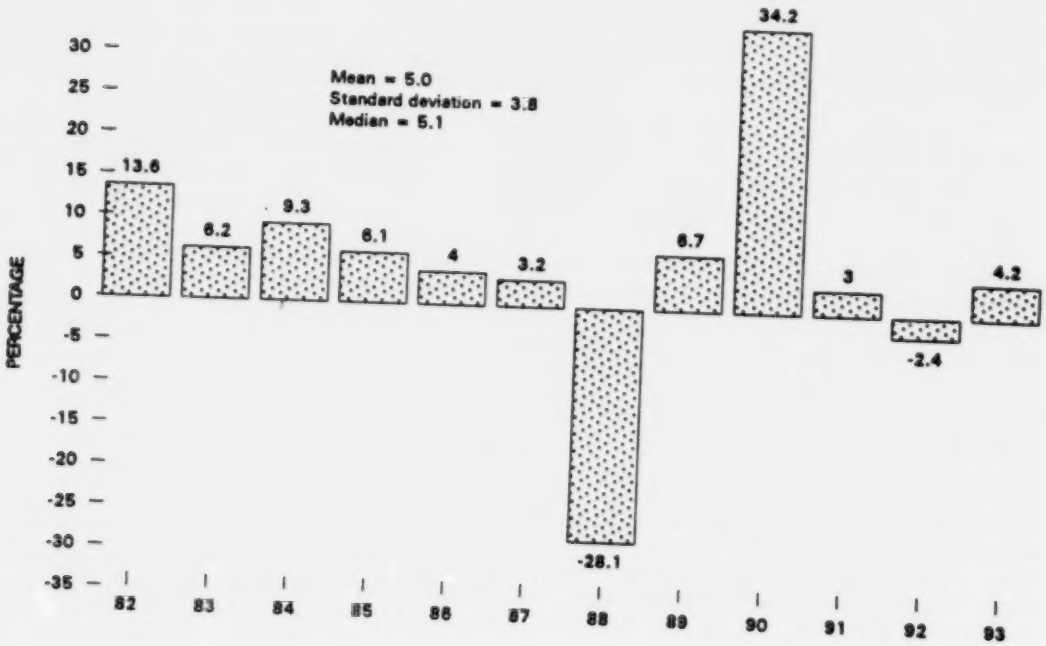

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Table 7. Agency nominal expenditure: some descriptive statistics, 1982-1993

	Mean rate of growth (%)	Standard deviation (%)	Maximum value ($M)	Minimum value ($M)
RBE growth	5.02	13.85	34.15	-28.13
EBE growth	7.10	12.55	41.67	-4.31
RBE as a share of total agency expenditure	34.78	5.16	41.97	28.47
EBE as a share of total agency expenditure	65.22	5.16	71.52	58.03

Note: Total agency expenditure is the sum of RBE and EBE.

36. Agency share. Usually, about 18 agencies report regular budget expenditures (see table 1 of DP/1994/40/Add.2 for the details). Of these agencies, WHO is of predominant importance: it accounted for an annual average of 65 per cent of total RBE during the 12-year period 1982-1993 (table 8). An important change has occurred, however: while total RBE has increased only marginally, the dominant position of WHO fell considerably, moving from 76 per cent in 1982 to 58 per cent in 1993.

37. Two other agencies constituted major sources of RBE: FAO and IAEA, each providing an average of about 10 per cent of total RBE during the period (table 8), although since 1986 the respective shares of these two agencies have remained relatively unchanged at about 11 per cent. Together, these three agencies (WHO, FAO and IAEA) thus accounted for 85 per cent of RBE expenditures on technical cooperation activities. Other important agencies are ILO, UNESCO, UNIDO and the United Nations.

38. The point to note, however, is that while it is still overwhelming, the dominant position of the larger agencies as far as RBE is concerned is slipping. This can only mean that the RBEs of the smaller agencies have been gaining in importance.

39. Sectoral distribution. Until 1992, sectoral distribution of expenditure within the United Nations system followed the "old" ACC (Administrative Committee on Coordination) sectoral classification, which catered for a total of 16 sectors. As from 1993, the sectoral distribution of expenditure follows the "new" and more comprehensive ACC classification, which now has 20 sectors.

Table 8. RBE: the three biggest agencies, 1982-1992

Agency	Mean	Standard deviation	Maximum value	Minimum value
WHO	64.72	6.77	76.35	55.83
FAO	10.32	1.77	12.15	7.15
IAEA	9.59	2.24	11.89	5.56

40. During the period, an estimated 67 per cent of total RBE was invested in the health sector, a rather unsurprising finding, given the dominance of WHO. Another 10 per cent was channelled to the agricultural sector; the general development issues absorbed about 5 per cent; and the natural resources and the science and technology sectors each absorbed about 4 per cent. These five sectors, therefore, accounted for an overwhelming share - as much as 90 per cent - of total RBE. Other important sectors include industry and employment. The data indicate that only a small portion of RBE was invested in sectors such as education, employment, humanitarian aid and relief, social conditions and equity and culture – that is, sectors that do not offer a quick return and a tangible product but are directly related to sustainable human development.

41. In 1993 the health sector again commanded the bulk (60 per cent) of the expenditures, followed by agriculture, forestry and fisheries. Importantly, several social sectors - education, humanitarian assistance, social development, culture and communications and information - have also attracted significant amounts, possibly signalling a change in the pattern of resource allocation. Slightly over 1 per cent of RBE was directed to environmental issues.

42. We can now summarize the discussion of RBE as follows:

(a) RBE has recorded only a marginal increase in real terms during the 12-year period;

(b) Its rate of growth, both nominal and real, is marked by an extreme degree of variability;

(c) Its relative importance as a source of funding for the agencies has diminished, especially since 1988;

(d) As a consequence, its importance to NFTCE is also slipping;

(e) Although WHO still accounts for the largest share of RBE, its share has been falling rapidly; and

(f) The health and agricultural sectors dominate RBE, although there are indications of a small change in resource allocation towards the social sectors.

In short, while the absolute level of RBE has remained relatively stable, its distribution among agencies and sectors has undergone some fundamental changes; even so, many of the social sectors continue to be only of minor importance as far as the allocation of expenditures is concerned.

2. Extrabudgetary expenditures (EBE)

43. Extrabudgetary expenditure refers to expenditures financed from voluntary contributions of member States as distinct from RBE, which refers to expenditures financed from assessed contributions. During 1993, the total EBE of agencies (excluding UNFPA) amounted to $808.4 million, falling short of the previous year by 3.1 per cent, but still almost twice as large as the amount expended in 1982. WHO has traditionally accounted for the bulk of such expenditures - 43 per cent or $344.5 million in 1993 - while FAO contributed another 21 per cent or $169 million. Table 1 of DP/1994/40/Add.2 shows the distribution of EBE by agency for 1992-1993.

Some important features of EBE

44. Relative importance. During the period reviewed, slightly under two thirds of the total technical cooperation expenditures of agencies (excluding UNFPA) was funded by EBE (chart 10), which makes such expenditures twice as important as RBE (the other component of total expenditures by agencies, excluding UNFPA). Given the relative importance of the two components of agency total expenditure, it is expected that chart 10 would display the reverse pattern evident from chart 8. Indeed, between 1982 and 1987, EBE accounted for about 60 per cent of the total expenditures of the agencies, rising to close to 70 per cent for the rest of the period.

45. How important is EBE as a source of funding to NFTCE? For the entire period, more than one half - 56 per cent, to be exact - of NFTCE flowed from EBE. A scrutiny beyond this show that the share of EBE has been rising, moving from 54 per cent in 1982 to 63 per cent in 1993 – roughly the equivalent of a 1 per cent growth per year in the relative importance of this source of expenditure.

Chart 10. Extrabudgetary expenditures as a share of total agency expenditures, 1982-1993

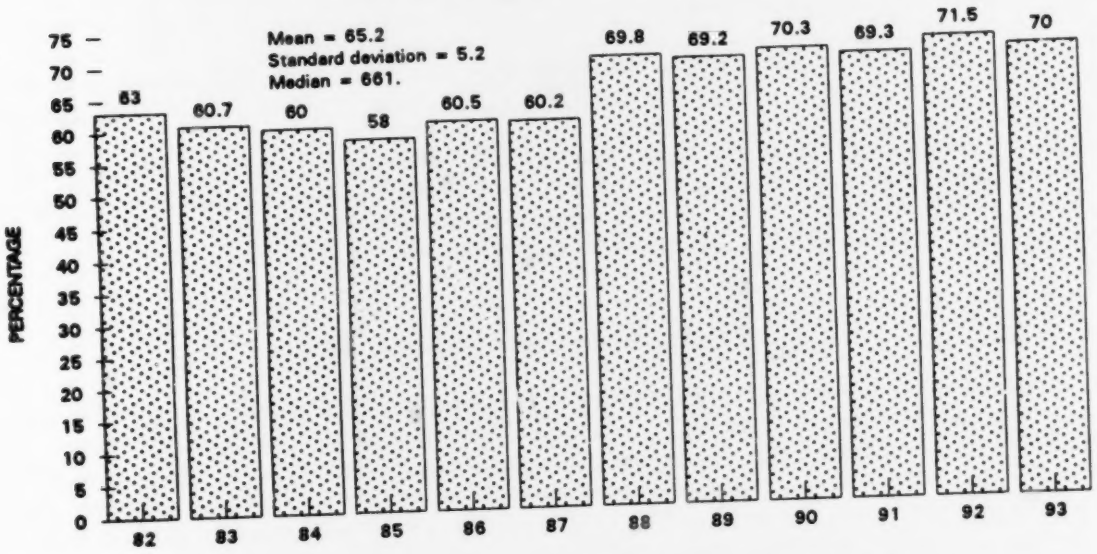
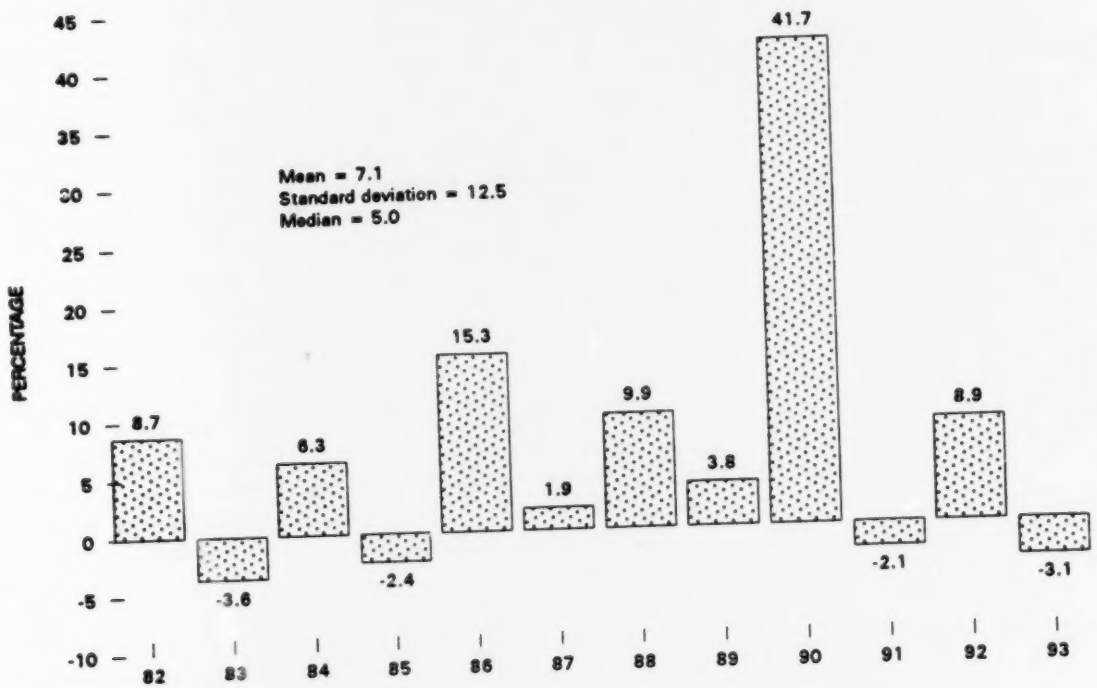


Chart 11. Extrabudgetary expenditures of agencies: nominal growth rate, 1982-1993



46. Growth. Over the course of the last twelve years, EBE grew by an annual average rate of 7 per cent, compared to 5 per cent for RBE. But not only was the rate of growth of EBE higher, it also oscillated within a narrower range as evidenced by the standard deviations and the growth range for the two variables: between -28.1 and 34.2 for RBE and between -4.7 and 41.7 for EBE (table 7 above). Paradoxically, the data seem to indicate that the growth of expenditures funded by assessed contributions is apparently more variable than the growth of expenditures based on voluntary contributions. It must be added immediately that the growth of EBE has a tendency to traverse both directions of the growth spectrum more often than that of RBE (chart 11), perhaps pointing to a greater impact of economic conditions on EBE. Finally, in reading chart 11, note that the huge rate of growth of EBE in 1990 reflects revised expenditure data from WHO.

47. Agency share. Compared to RBE, EBE is distributed more equitably among agencies. One indicator of this is the fact that all agencies have extrabudgetary expenditures but not all of them have regular budget expenditures A more revealing indicator is the actual distribution of EBE among the agencies. As with RBE, WHO is the single most important source of EBE but its relative size is not of overwhelming significance: it accounted for about one third of EBE compared to its share of two thirds of RBE. In fact, the EBE of WHO is only slightly larger than that of FAO (table 9). If the data are examined for movement over time, a shifting picture in favour of WHO emerges. In 1993, WHO was responsible for 43 per cent of EBE or about twice its share twelve years earlier. The move towards a position of dominance accelerated considerably since the beginning of the current decade. This contrasts sharply with the eroding WHO share of RBE. On the other hand, the share of FAO has been eroding, slipping from 28 per cent in 1982 to 21 per cent in 1993 and since 1991 slippage has been particularly acute. Two other large agencies as far as EBE is concerned, ILO and UNESCO, have also witnessed falling shares.

48. When account is taken of these changes, it remains true that WHO and FAO were responsible for about 60 per cent of the extrabudgetary expenditures of agencies during the period. If the shares of ILO, UNESCO and UNIDO are added, then these five agencies provided over 80 per cent of total EBE during the 12-year period.

Table 9. EBE: the five biggest agencies, 1982-1993

Agency	Mean	Standard deviation	Maximum value	Minimum value
WHO	32.41	7.05	43.33	23.82
FAO	27.81	3.93	34.38	21.26
ILO	7.95	0.79	9.50	6.80
UNESCO	7.68	2.49	12.85	4.64
UNIDO	6.11	1.49	8.19	4.11

49. Sectoral distribution: During the period considered, the health sector absorbed one third of all extrabudgetary expenditures, while the agricultural sector accounted for another 21 per cent, a not unexpected result, given the dominance of WHO and FAO in EBE. The industrial sector, dominated by UNIDO, ranked third, with 7.3 per cent of the expenditure, while natural resources and transport and communications each consumed 6 per cent of EBE. Other major sectors in descending order of importance were employment, international trade and development, education, general development issues and science and technology.

50. In 1993, the health sector continued its dominance with $347.2 million, or 27.6 per cent, of EBE directed to this sector. The agricultural sector maintained the second position with $172.3 million, or 21.6 per cent, followed by science and technology (5.4 per cent), industry (5.0 per cent), employment (5.0 per cent, education (3.5 per cent) and transport (2.8 per cent). In other words, the sectoral allocation of EBE has remained relatively stable over the 12-year period. The four new ACC sectors, general statistics, energy, communications and information, and environment absorbed, respectively, 0.4, 0.6, 1.6 and 1.0 per cent of EBE. Thus, as with RBE, the social sectors and environment do not attract any significant amount of EBE. In total, therefore, it could be said that the resource allocation pattern of the agencies (excluding UNFPA) do not strongly favour social sectors.

3. Sources of EBE

51. Agency extrabudgetary expenditures can be reviewed from the point of view of its composition by sources: multilateral and bilateral. This view

highlights the origin of EBE and thus complements the discussion at the aggregate level, carried out in the several paragraphs above.

1. Multilateral sources 2/

52. Expenditure from multilateral sources - defined as B1 plus B2 - made up one tenth of agency (excluding UNFPA) extrabudgetary expenditures during the period considered. Fluctuations, present of necessity, have been relatively mild, evidenced by a standard deviation of 3. The data also reveal one other feature, which is that there is a break in the relative importance of multilateral resources: they declined from double figures in the years prior to 1987 to an average of 8 per cent for the rest of the period. The lowest point was reached in 1993, when the share of these sources fell to 7 per cent. In other words, a smaller portion of agency extrabudgetary expenditures are now being funded from multilateral sources.

53. Total expenditure from multilateral sources amounted to $56 million in 1993 or about 1.9 times the amount recorded in 1982. This permitted an annual average rate of growth of 12.1 per cent but growth was particularly erratic and uncertain (the standard deviation is 28.4, which is 2.3 times the mean rate of growth). The highest rate of growth, 63.3 per cent, was achieved in 1983, while the lowest - 43.2 per cent - was set in 1988. The contraction of expenditures from this source witnessed in 1992 continued in 1993 although it was not as pronounced. The median rate of growth during the period was 10.5 per cent.

54. Multilateral sources: B1 expenditures: Expenditures from this source originate from the United Nations system itself, excluding expenditures by UNFPA and UNDP administered funds. (To obtain agency B1 from tables 3 and 5 in DP/1994/40/Add.2 it is necessary to subtract expenditures incurred by UNFPA; those incurred by UNDP administered funds have already been deducted.) Basically, B1 expenditures constitute a circular flow as part of the expenditures of one agency is financed by another – that is, the income of one agency becomes the expenditure of another.

55. During the period reviewed, B1 expenditures comprised one half of total multilateral expenditures on the average although this statistic hides the fact that the share of B1 declined from 70 per cent in 1982 to 48 per cent in 1993. The decline, which began abruptly in 1988, is gradually being reversed since 1992. It is this drastic fall in the share of B1 that has occasioned the steep decline of total multilateral expenditure as a share of agency extrabudgetary expenditures.

56. Standing at $27 million in 1993, B1 expenditures were only 1.3 times what they were twelve years earlier – a contraction in real terms if allowance is made for inflation. In 1988, B1 expenditures fell by 64.4 per cent but rose by

31.3 per cent in the following year. Since then, growth has been more modest, with expenditures in 1993 rising by 12.5 per cent over 1992.

57. In general, several agencies do not have any B1 expenditures. Moreover, for several agencies, the bulk of their B1 expenditures comes from funding provided by UNFPA but nothing further will be said about this since the discussion excludes UNFPA. Traditionally, the largest portion of B1 comes from the United Nations - in 1993 the United Nations incurred $6.3 million. Other agencies with significant amount of B1 expenditures in 1993 are: UNESCO ($5.4 million); FAO ($4.1 million); WHO ($4.2 million) and ILO ($2.0 million).

58. Multilateral sources: B2 expenditures. This category comprises expenditures incurred by agencies but funded from multilateral sources outside of the United Nations system. Such expenditures therefore capture that portion of EBE which is financed by multilateral organizations (such as the Asian Development Bank, Commission of the European Communities and the African Development Bank) that are not part of the United Nation system. That is, the flow of such resources might be depicted as: outside sources -> agencies -> programme countries. Clearly, unlike B1 expenditures, B2 expenditures do not represent a circular flow within the system; instead, they augment total expenditures by the United Nations system.

59. B2 sources are just as important as B1 sources - on the average, each is responsible for half of total multilateral expenditures. The general tendency, however, is one of a rising B2 share, which moved from 30 per cent in 1982 to 52 per cent in 1993, although its growth has apparently levelled off during the last two years. B2 expenditures reached $29 million in 1993, which is 20 per cent below the previous year, thus continuing the decline began in 1992. Indeed, the mean rate of growth of B2 expenditures is apparently more volatile than that of B1, judging from its standard deviation, the big difference between the mean and median rate of growth and the frequency with which negative rates have been recorded.

60. On the average, about three quarters of all outside expenditures have been made available to FAO for funding activities relating to the agricultural sector in developing countries although this share has been contracting over the last few years. In 1992, FAO accounted for only 64 per cent ($23.3 million) of B2 expenditures, which is slightly more than its share in 1993 (66 per cent or $18.9 million). The UNESCO share of B2 expenditures in 1992 and 1993 were 24 per cent ($8.6 million) and 14 per cent ($3.5 million) respectively. The rest of B2 expenditure was distributed among ICAO, IAEA, ILO, IMO, UNIDO and UNCTAD. Thus, B2 expenditures are simultaneously characterized by "thinness" and concentration: although they pass through several agencies, FAO still accounts for a major portion. Consequently, it can also be said that no significant amount of B2 expenditures is channelled to the social sectors.

2. Bilateral sources

61. By far the largest share of agency EBE comes from bilateral sources – an annual average of 90 per cent during the 12-year period. Given that the relative size of expenditures from multilateral sources has been contracting since 1988, one can expect to find a growing importance of bilateral sources. In fact, since 1988, expenditures from bilateral sources have been elevated to a higher plane: they accounted, on the average, for 92 per cent of EBE compared to 86 per cent in the first part of the 12-year period.

62. Bilateral expenditures totalled $753 million in 1993 or almost twice as much as in 1982. This permitted a mean growth of 7.2 per cent per year (the median rate of growth was 4.6 per cent). Extreme variations have not occurred with the exception of 1990 - when growth was 22.8 per cent - contrary to multilateral expenditures, which had a standard deviation - twice that of bilateral expenditures. After five years of straight positive growth (1986-1990), total bilateral expenditures dropped by 4.7 per cent in 1991, recovered in the following year but declined again - by 2.7 per cent - in 1993. Thus, growth during the last three years has been rather poor, with expenditures contracting significantly in real terms.

63. As with multilateral sources, expenditures from bilateral sources are broken down into: (a) bilateral expenditures channelled through the United Nations system (C1) and (b) unilateral self-supporting expenditures (C2).

64. Bilateral sources: C1 expenditures. This source was (a) responsible for an annual average of 84 per cent of all bilateral expenditures and (b) marked by a rising importance, particularly since 1985, reaching 90 per cent of total bilateral expenditures by 1993, having moved from 80 per cent twelve years earlier.

65. C1 expenditures amounted to $680 million in 1993 or 2.2 times what it was at the beginning of the period. This translates to a mean rate of growth of 8 per cent (the median rate is 4.6 per cent), with a standard deviation of 15.7, the size of which is largely attributable to the high rates of growth achieved in 1986 and 1990. The unbroken record of growth during the seven years from 1984 to 1990 was interrupted in 1991 and recovered in 1992, but the momentum was not sustained in 1993 as expenditures dropped by 3.1 per cent. A closer scrutiny of the data show that during the last three years C1 expenditures declined in real terms.

66. C1 expenditure is a pervasive feature of the system: all agencies with the exception of ECE, the World Bank, NGOs and Governments have such expenditures. Such wide and heavy dependence of executing agencies on a single source of funding underscores the fragility of their expenditure base, driven as it is by both generosity and short-term considerations. WHO continues to dominate C1 expenditures as no less than 45 per cent of all such expenditures pass through

this agency on their way to the developing world. During the 1990-1991 corresponding biennium, WHO recorded $285 million C1 expenditure each year; for the 1992-1993 biennium the figure is $326 million. FAO accounted for 19 per cent in both 1992 ($134.6 million) and 1993 ($126.6 million). Other agencies with relatively large C1 expenditures in 1993 UNESCO ($46.5 million); UNIDO ($43.2 million); United Nations ($15.1 million); ILO ($49.4 million); WMO ($18.6 million); and ITC ($11.6 million). In short, this category of expenditures is widely distributed among sectors although it is true that several social sectors have traditionally been bypassed.

67. Bilateral sources: C2 expenditures: The term "unilateral self-supporting expenditures" is somewhat confusing but is employed to emphasize the fact that such expenditures are used to finance technical cooperation activities within the country - and only the country - that made the contribution to the United Nations system. In other words, the expenditure is passed from the given country to the United Nations system and back to the same country; the only difference is that now it has acquired a dual character: unilateral since it returns to the contributing country but, because it is routed through the United Nations system, it also curiously acquires a bilateral character. Hence its inclusion under the rubric of bilateral expenditure. During the last three years, C2 expenditures stagnated at about $73 million, which is below the level recorded at the beginning of the period – 5 per cent less, to be exact.

68. A particularly striking feature of C2 expenditures is its declining relative importance both as a share of total bilateral expenditure and as a source of funding for agency technical cooperation activities. Thus in 1982, an estimated 20 per cent of all bilateral expenditure derived from C2 sources but by 1993 this share dropped to 10 per cent. The uncertain annual movement of self-supporting expenditure is to a large extent attributable to its very character, namely that it is expenditure intended to finance technical cooperation activities only in the contributing country and is therefore subject to the vagaries of local circumstances.

69. The sudden, steep decline, which began in 1986 and is apparently yet to level off, is not primarily the result of declining expenditures in absolute terms - the mean rate of growth of C2 expenditures is 3.9 per cent per year - rather it is principally the result of the other component of total bilateral expenditures, C1, growing twice as fast. The growth of C2 expenditures is characterized by a considerable degree of gyrations between large positive and negative values. Indeed, for six of the twelve years covered, C2 expenditures registered falling rates of growth. On the positive side, unlike C1 expenditure, C2 expenditures increased by 1.4 per cent in 1993, reversing the decline in the previous two years.

70. An examination of the data indicate that unilateral self-supporting expenditures are a general feature of the United Nations system in that the majority of developing countries contribute to such expenditures. However,

while the participation by countries is extensive, the bulk of the expenditure is concentrated in a few countries. In other words, involvement with C2 expenditure is at one and the same time broad-based and concentrated. As in past years, the Libyan Arab Jamahiriya and Saudi Arabia provided close to one third of unilateral self-supporting expenditures. Other countries that usually have large C2 expenditures are Botswana, Egypt, Indonesia, India, Nigeria, Turkey and the United Republic of Tanzania.

71. By agencies, C2 expenditures are not broadly distributed. As in the past, FAO continues to account for the largest portion - about 40 per cent over the last several years - although this tendency is now giving way as other agencies are beginning to encroach. In 1993, FAO was responsible for 26.6 per cent ($19.4 million) of unilateral self-supporting expenditures. Two other agencies were responsible for a significant portion of C2 expenditures in 1993 - WHO: 19.6 per cent ($14.3 million) and UNIDO: 16.7 per cent ($12.2 million). These three agencies therefore accounted for one third of all unilateral self-supporting expenditures during 1993. Other agencies with important shares are: ICAO ($7.2 million); ILO ($6.0 million); UNESCO ($3.3 million); ITU ($2.7 million); ECE ($2.3 million); IMO ($1.0 million). Two observations follow from this: (a) unilateral self-supporting expenditures are concentrated both by countries and agencies; and (b) only a small share of such expenditures is invested in "soft sectors" i.e., sectors in which investments do not result in tangible assets and/or an immediate return but which are becoming increasingly important to the concept of sustainable human development.

72. In closing the discussion of EBE, the main points raised can be summarized as follows:

(a) EBE grew in nominal terms by 7 per cent per year, which is above the average rate of inflation;

(b) The growth of EBE, while fluctuating, was more stable than that of RBE, suggesting that the growth of expenditures based on assessed contributions is more variable than that based on voluntary contributions;

(c) Compared to RBE, EBE is more equitably distributed among agencies – in both cases, however, WHO is the largest agency;

(d) About half of EBE was invested in the health and agricultural sectors;

(e) As with RBE, the social sectors do not command a large share of EBE;

(i) Expenditures from multilateral sources (within and outside of the United Nation system) comprised one tenth of EBE during the period – but they have declined rapidly since 1987;

(g) Bilateral sources (the other component of EBE) account for about 90 per cent of EBE and have been increasing in importance in recent years.

4. United Nations Population Fund

73. Expenditures by UNFPA comprise the third and final component of NFTCE (the others being RBE and EBE). Over the 12-year period, the UNFPA share of NFTCE ranged between 9.9 and 16.4 per cent. Since 1990, however, the UNFPA share has been slipping, falling from 13.2 per cent in that year to 10.4 per cent in 1993 (chart 12). The implication is that a growing share of non-UNDP financed technical cooperation assistance is being funded by the agencies themselves, which is not startling. The shrinking importance of UNFPA in this flow of expenditure is the result of two factors: (a) the poor growth performance - nominal expenditures grew by a mean rate of 1.3 per cent annually and (b) faster growth of expenditures by agencies (6.2 per cent annually). The net impact of these two forces is a diminution of the relative significance of UNFPA.

74. Nominal expenditure by UNFPA reached $134.2 million in 1993, representing an increase of 4.7 per cent over 1992, which was a rather poor year - expenditure plummeted 25.6 per cent, possibly the largest contraction ever. Compared to 1982, the level of expenditure in 1993 shows only an 18 per cent increase, which works out to a mean annual growth of only 1.3 per cent. If rising prices are allowed for, then expenditure contracted by an annual average of 2.6 per cent. In fact, UNFPA is the only component of NFTCE that contracted in real terms, on the average, during the period.

75. Tepid growth performance has been associated with extreme variability. As a consequence, the mean rate of growth of 1.3 per cent is a poor gauge of the underlying and frequently large fluctuations, evidenced by a standard deviation of 14.4 (which is 11 time larger than the mean). Thus the tendency towards long-term decline is accompanied by considerable volatility; that is, there is no well-defined path - it is not steep, gradual, or smooth. Precisely for this reason - the presence of extreme variability - the median offers a better insight into the underlying dynamics: according to this measure, nominal growth was 4.8 per cent while real growth was around 1.5 per cent - statistics that are vastly different from those associated with the mean.

76. During 1982 and 1986, nominal growth charted a staggered trajectory, alternating between positive and negative values on a yearly basis. The longest period of sustained growth, averaging 11.3 per cent, was during the five years 1987-1991, although most of the growth during this period occurred in 1988-1989 when it averaged 21 per cent. Then in 1992 expenditures dropped steeply by 25.6 per cent, bringing to an end the period of unbroken growth. The recovery in 1993 was rather feeble as expenditures moved up by only 4.7 per cent (chart 13).

Chart 12. UNFPA expenditures as a share of non-UNDP financed technical cooperation expenditures, 1982-1993

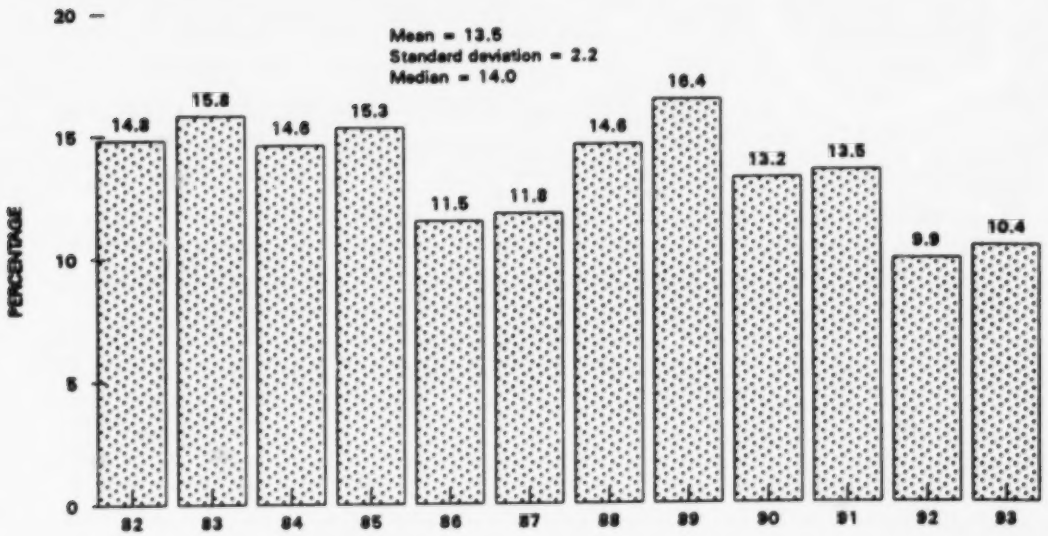
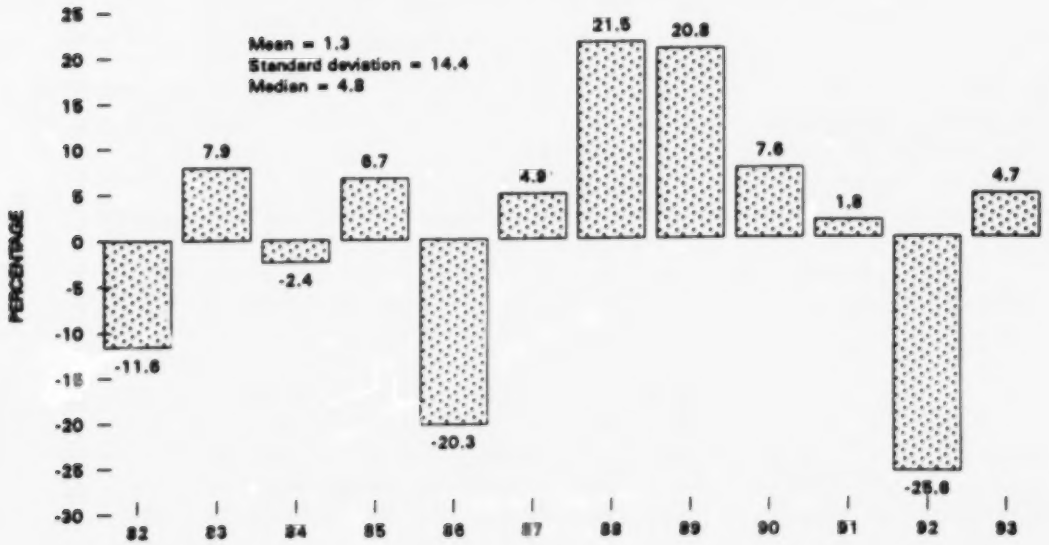


Chart 13. Expenditures by UNFPA: nominal growth rate, 1982-1993



77. For the purposes of the present report, all expenditures by UNFPA are assumed to be invested in the population sector, as could be seen from table 2 in DP/1994/40/Add.2. Tables 10 and 11 contain additional data on UNFPA.

Table 10. UNFPA: nominal expenditures on field programme activities - descriptive statistics, 1982-1993

Statistics	Nominal amount	Nominal growth	Real amount	Real growth	Share of NFTCE
Mean	133.17	1.32	126.88	-2.55	13.07
Median	128.00	4.79	132.78	1.55	13.33
Maximum	172.00	21 50	147.08	16.82	16.44
Minimum	102.00	-25.58	103.39	-27.99	9.89
Std. dev.	22.12	14.44	16.96	13.71	2.33
Skewness	0.56	-0.47	-0.35	-0.46	-0.08

Note: Growth refers to percentage rate of growth. Amount is in millions of dollars.

Table 11. UNFPA: nominal expenditure on field programme activities, 1980-1993

Year	Nominal amount ($USM)	Share of NFTCE (%)	Real amount ($USM)
1980	129	17.89	208.28
1981	114	14.84	161.45
1982	123	15.83	134.28
1983	120	14.58	140.41
1984	128	15.27	131.29
1985	102	11.50	135.31
1986	107	11.75	105.81
1987	130	14.57	107.00
1988	157	16.44	125.00
1989	169	13.19	144.04
1990	172	13.46	147.08
1991	128	9.89	143.57
1992	128	9.89	103.39
1993	134	10.50	105.43

E. Expenditures by other United Nations organizations

78. To complement the discussion of NPTCE, this subsection briefly reviews the field programme expenditures of UNDP (central resources and administered funds, UNICEF, WFP and the World Bank/IDA).

1. United Nations Development Programme

79. The combined technical cooperation expenditures of UNDP (central resources and administered funds, excluding administrative and various support costs) totalled $1,204 million in 1993 or 3.3 per cent more than the previous year. Most of this growth stemmed from funds administered by UNDP since expenditures from central resources were basically at the same level in both years. In terms of a single statistic, nominal expenditures increased at a mean annual rate of about 4 per cent (the median rate of growth was 4.4 per cent) although growth was characterized by considerable instability and uncertainty (the standard deviation of the mean is 10.8, as can be seen from table 12). After negative rates of growth during 1982-1984, expenditures expanded each year for the next seven years but performance during the last two years of the period has been below par. At the end of the period, the level of expenditures was about 1.7 times the size recorded in 1982.

80. Taking into account rising prices and using the simple arithmetic mean as a measure of central tendency over the 12-year period, UNDP expenditure showed no change. Even if the median is used as a measure of central tendency, total UNDP expenditures recorded a real growth of only 1.3 per cent.

81. Given the overwhelming importance of central resources - about 90 per cent - in the UNDP total, it is not surprising that charts 14 and 15 draw a similar picture - indeed chart 15 is in effect a reproduction of chart 14 but on a smaller scale. Central resources grew in nominal terms by an average of 3.5 per cent during the 12-year period (which is only 0.5 per cent below the rate of growth of total UNDP expenditures) but, like total UNDP expenditures, it is marked by considerable fluctuations (a standard deviation of 12.0) as is evidenced from the chart and accompanying table. That real expenditure from central resources remained flat in real terms should therefore come as no surprise.

82. The 1990s began with an extremely high rate of nominal growth (17.3 per cent), slowed down in 1991 (9.4 per cent) and since then performance has deviated considerably from the average. In 1993, for example, expenditure from central resources, amounting to $1,031 million, was only marginally (0.4 per cent) greater than the previous but still more than 1.5 times the level recorded in 1982.

Table 12. UNDP and administered funds: some descriptive statistics, 1982-1993

	Administered funds Amount	Administered funds Growth	Central resources Amount	Central resources Growth	Total UNDP Amount	Total UNDP Growth	Central resources as a share of total UNDP
A. In nominal terms							
Mean	99.08	8.56	801.67	3.54	900.75	3.97	88.95
Median	95.50	4.04	758.00	4.32	853.50	4.39	88.90
Maximum	173.0	26.56	1 133.00	20.92	1 247.00	21.06	91.55
Minimum	61.00	-12.86	527.00	-15.28	608.00	-13.57	85.63
Std. dev.	31.26	13.13	215.61	11.99	239.81	10.82	1.87
Skewness	1.04	0.05	0.17	-0.02	0.19	-0.06	-0.15
B. In real terms							
Mean	93.14	4.53	756.72	-0.37	849.86	0.05	88.95
Median	90.63	0.07	784.95	0.16	866.55	1.26	88.90
Maximum	136.11	22.12	945.74	18.66	1 040.90	18.80	91.55
Minimum	71.85	-17.99	576.59	-17.89	665.21	-16.24	85.63
Std. dev.	17.33	13.36	116.00	11.75	122.51	10.71	1.87
Skewness	1.15	0.02	-0.08	0.04	-0.15	0.01	-0.15

Note: Amount is in millions of dollars, rounded to the nearest million; growth refers to the rate of growth in percentage.

83. Funds administered by UNDP accounted, on the average, for only 10 per cent of total UNDP expenditures during the period reviewed, although there are signs of an increasing share over the last few years (table 13). In 1993, expenditures from this source reached $173 million, which is almost three times - 2.8 to be exact - the level of expenditures incurred in 1982 and which represented an increase of 25.4 per cent over the previous year. In fact, expenditures from this source grew at an annual average rate of 8.6 per cent (compared to 3.5 per cent from central resources). Growth performance during the last three years was remarkable, averaging 21 per cent. If the median is used as the benchmark - and it should be because of the variability in the data - the expenditure from this source grew by 4 per cent per annum.

84. In real terms, funds administered by UNDP grew during the 12-year period at a rate of 4.5 per cent per annum but the median paints a flat picture: an insignificant increase (table 12).

Chart 14. UNDP: nominal growth of technical cooperation expenditures, 1982-1993

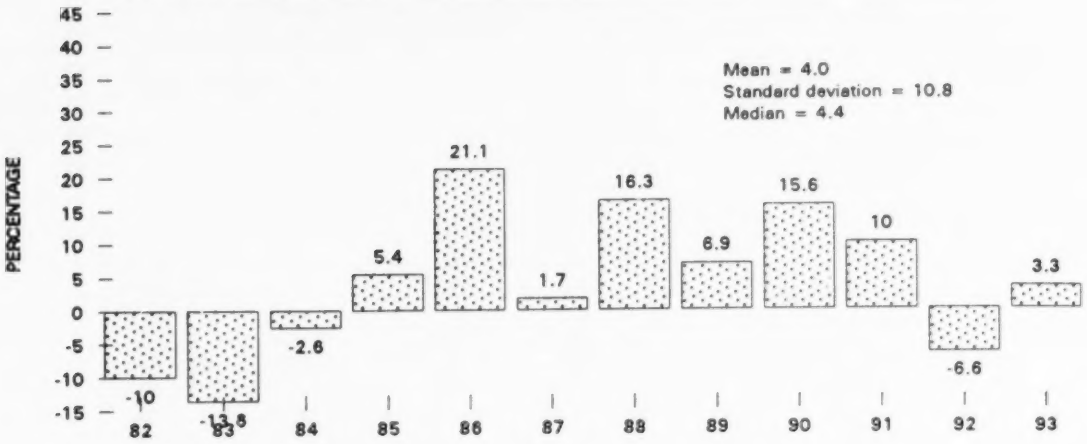


Chart 15. Central resources: nominal growth of technical cooperation expenditures, 1982-1993

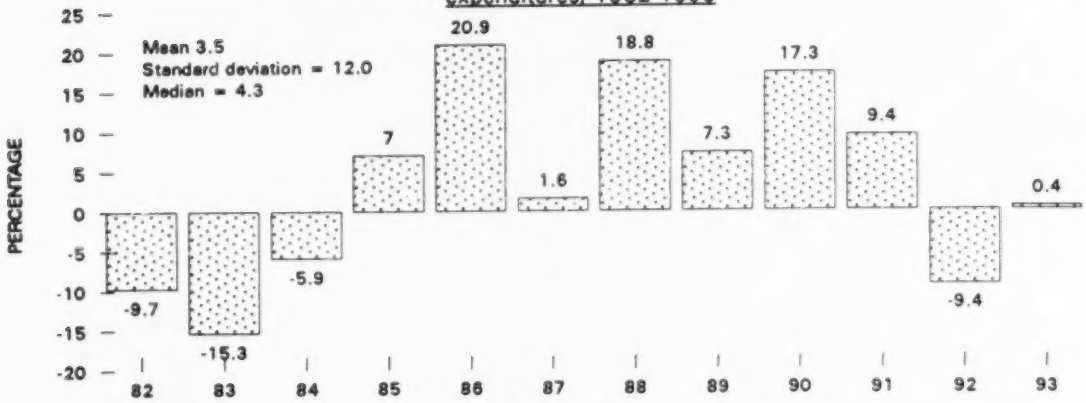


Chart 16. Administered funds: nominal growth of technical cooperation expenditures, 1982-1993

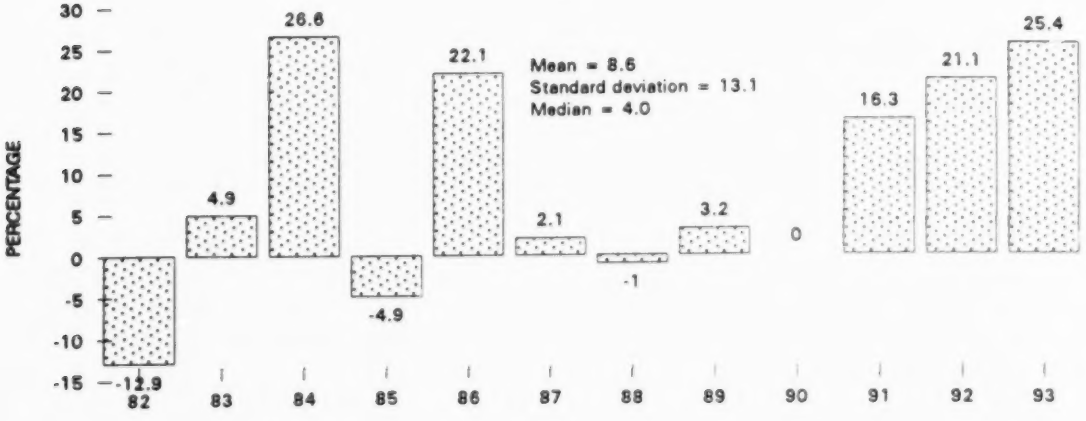


Table 13. UNDP and administered funds: technical cooperation expenditures, 1980-1993

Year	Administered funds Nominal	Administered funds Real	Central resources Nominal	Central resources Real	Total UNDP Nominal	Total UNDP Real	Central resources as a share of total UNDP
1980	34	47	669	923	703	970	95.16
1981	70	89	732	916	802	1 004	91.27
1982	61	72	661	779	722	850	91.55
1983	64	74	560	639	624	712	89.74
1984	81	89	527	577	608	665	86.68
1985	77	81	564	596	641	678	87.99
1986	94	98	682	707	776	805	87.89
1987	96	96	693	693	789	789	87.83
1988	95	91	823	791	918	882	89.65
1989	98	90	883	810	981	900	90.01
1990	98	85	1 036	902	1 134	987	91.36
1991	114	95	1 133	946	1 247	1 041	90.86
1992	138	111	1 027	830	1 165	941	88.15
1993	173	136	1 031	811	1 204	947	85.63

Note: Amount is in millions of dollars, rounded to the nearest million; growth refers to the rate of growth in percentage.

2. United Nations Children's Fund

85. Assistance (that is, expenditure on field programmes net of programme support and administrative expenditures) delivered by UNICEF reached $803.7 million in 1993 or about 8 per cent more than the previous year. 3/ Such a high rate of growth is not unusual for UNICEF (table 15 and chart 17) and it is precisely this that accounts for the fact that the level of expenditures in 1993 was almost four times what it was 12 years earlier (1982). In terms of a single statistic, UNICEF nominal expenditure increased at a mean rate of 12.1 per cent – the highest average annual rate of growth for all United Nations organizations reviewed in the present report. More importantly, the mean is somewhat representative of other years in the period (the standard deviation is 9.8; the median rate of growth is 13.2, which is not very different from the mean rate). In short, UNICEF recorded high and relatively stable rates of nominal growth during the twelve years between 1982-1993, compared to other United Nations organizations.

86. In real terms, the growth record also belongs to UNICEF. With a mean and median real growth of 7.9 and 9.2 per cent, respectively, it is ahead of the World Bank (mean: 7.1 per cent; median: 6.1 per cent), which had the second highest rate of growth.

87. Apart from recording the highest rates of growth during the period reviewed, UNICEF also enjoyed the longest spell of positive growth, including the recessionary years 1990-1991 (chart 17). During the entire 1980s, nominal expenditure declined in only two years. The steepest fall, 3.8 per cent, was recorded in the height of the 1981-82 US recession. The other, 0.8 per cent, occurred in 1984.

88. One important feature of UNICEF is that, unlike other United Nations organizations, a relatively large portion of its resources derives from private fund-raising efforts. Table 14 shows the share of income originating from (a) Governments and intergovernmental organizations; (b) fund-raising campaigns; and (c) the United Nations system. The important point is the diminishing, albeit gradually, relative importance of Government as a source of income. Correspondingly, non-government sources and greeting cards operations have gained in importance as sources of income. In other words, over time UNICEF is relying more and more on non-official income sources.

Table 14. UNICEF income by source, 1982-1993
(percentage)

	82	83	84	85	86	87	88	89	90	91	92	93
Governments	79	74	79	74	75	77	70	75	73	72	73	62
Non-governments	12	12	10	15	15	13	14	13	12	16	14	18
Greeting cards operations	4	5	4	3	5	5	11	7	11	9	10	11
United Nations system	2	3	2	1	1	1	1	2	1	1	2	6
Other Income	3	5	5	8	4	4	4	3	3	2	0	3

Table 15. UNICEF and WFP: some descriptive statistics, 1982-1993

Statistic	WFP	Growth	UNICEF	Growth
(a) In nominal terms				
Mean	959.92	9.70	440.50	12.11
Median	871.50	8.77	382.50	13.15
Maximum	1 575.00	39.96	804.00	26.53
Minimum	594.00	-10.01	205.00	-3.76
Std. dev.	338.01	15.13	201.97	9.83
Skewness	0.70	0.53	0.53	-0.17
(b) In real terms				
Mean	897.05	5.52	405.35	7.90
Median	827.75	3.30	374.81	9.20
Maximum	1 272.21	34.23	632.57	22.44
Minimum	699.65	-12.41	241.46	-9.42
Std. dev.	195.18	14.39	131.78	9.92
Skewness	0.75	0.57	0.41	-0.30

Table 16. UNICEF and WFP: expenditure on field programme activities, 1980-1993

	WFP		UNICEF	
Year	Nominal	Real	Nominal	Real
1980	539	743	247	341
1981	542	679	213	267
1982	594	700	205	241
1983	629	718	246	281
1984	679	743	244	267
1985	779	823	279	295
1986	701	727	326	338
1987	791	791	365	365
1988	1 037	997	400	385
1989	952	873	501	460
1990	956	832	584	508
1991	1 338	1 117	588	491
1992	1 575	1 272	744	601
1993	1 488	1 170	804	633

Chart 17. UNICEF: nominal growth of programme expenditures, 1982-1993

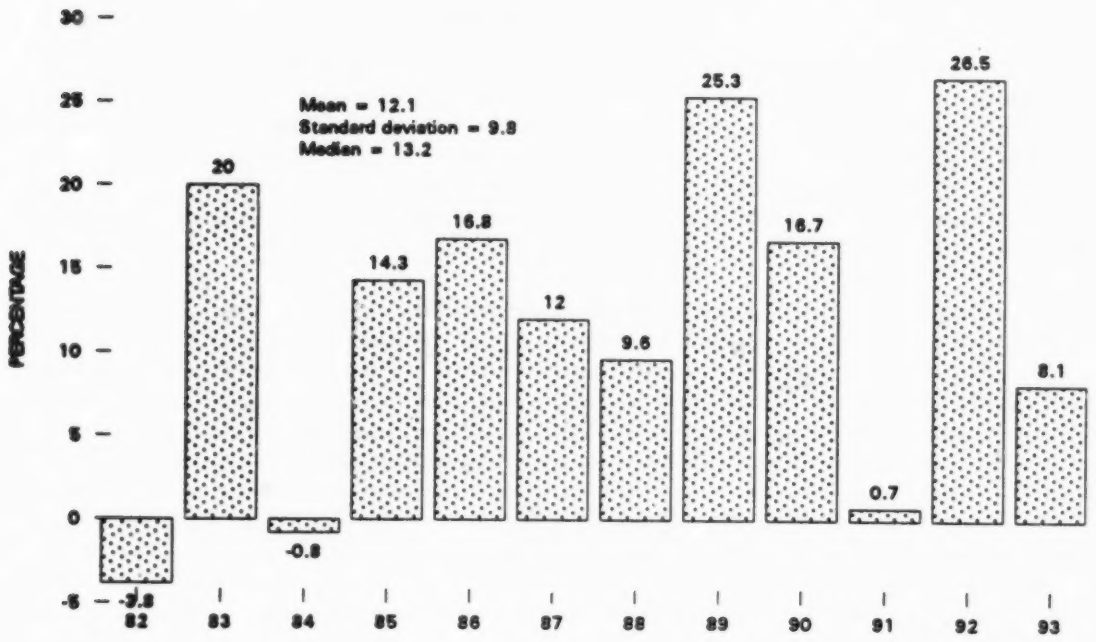
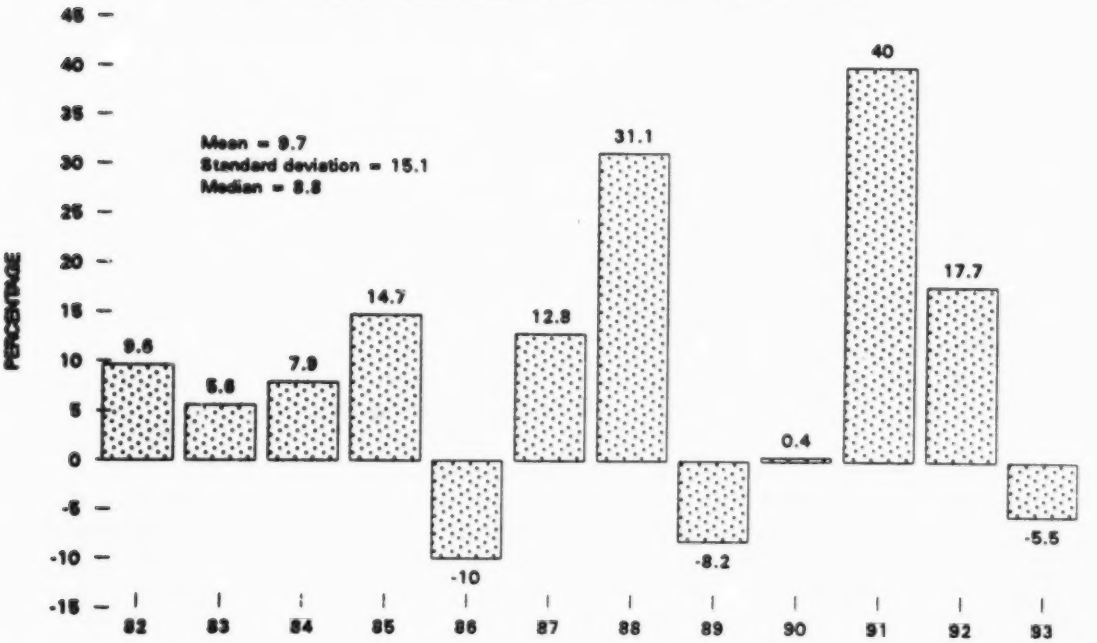


Chart 18. WFP: nominal growth of expenditures, 1982-1993



3. World Food Programme

89. As with other agencies, WFP expenditures reported here are actual expenditures i.e., administrative and other support costs are excluded. These expenditures were charged against WFP general resources and special trust funds in support of programmes and projects in developing countries. In nominal terms, such expenditures amounted to $1.4877 billion in 1993, falling 5.5 per cent below 1992 (1992 was also the year in which expenditures from WFP peaked at $1.575 billion during the 12-year period).

90. Two important features characterize expenditures by WFP. First, expenditures grew in real terms, rising above the average rate of inflation. A quick insight is offered by the fact that the level of expenditure in 1993 was 2.5 times bigger than it was at the beginning of the period. In fact, nominal expenditure increased at an annual average of 9.7 per cent per annum or almost twice as fast as the average. Second, growth (both nominal and real) exhibits a considerable degree of variability - nominal growth ranged from minus 10 to 40 per cent, with a standard deviation of 15.1, which is much larger than the mean rate of growth itself. It is believed that the 40 per cent increase in 1991, when the United States economy was in recession, was the highest annual increase in expenditure by any United Nations organization.

91. Another feature of growth is that it occurs in short spells rather than being sustained over several years. Thus, aside from the four years of straight growth in 1982-1985, growth alternated between negative and positive values every two years.

4. World Bank/IDA

92. The combined technical cooperation expenditure of the World Bank and IDA 4/ moved, in nominal terms, from $731 million in 1982 to $1.448 billion in 1993, an increase of 100 per cent in 12 years. Both the mean and the median rate of growth amounted to 9.7 per cent. The most rapid growth occurred during 1982-1987, when the rate was in excess of 12 per cent per year, with the exception of 1984 (chart 19). The next five years were rather poor: technical cooperation expenditure increased by only 0.6 per cent per annum. In 1993, nominal growth surged to 23 per cent, the highest since 1982.

93. Evidently, a high rate of growth was recorded in real terms - in excess of 5 per cent according to both the mean and median (table 17). But even the World Bank has not been immune to the high volatility of growth rates, the nemesis of sound programme planning. As a generalization, then, one of the key features of expenditures in the United Nations system is the instability of growth rates.

Table 17. World Bank and IDA: some descriptive statistics, 1982-1993

		IDA	Growth	World Bank	Growth	Total World Bank and IDA	Growth	World Bank as a percentage of total
(a)	In nominal terms							
	Mean	372.92	7.84	683.08	11.36	1 056.00	9.77	64.61
	Median	386.00	4.99	684.00	9.77	1 080.00	9.71	65.09
	Maximum	504.00	31.48	944.00	48.50	1 448.00	41.39	68.36
	Minimum	279.00	-6.55	447.00	-17.94	731.00	-10.22	60.11
	Std. dev.	68.16	11.25	130.64	18.22	190.36	14.20	2.66
	Skewness	0.14	0.647	0.23	0.26	0.21	0.65	-0.23
(b)	In real terms							
	Mean	355.48	3.73	653.82	7.15	1 009.31	5.61	64.61
	Median	352.08	1.58	655.39	6.14	999.34	6.11	65.09
	Maximum	396.54	23.74	836.00	39.76	1 223.00	33.07	68.36
	Minimum	305.25	-10.84	526.50	-21.10	861.01	-13.67	60.11
	Std. dev.	27.16	10.55	89.24	17.45	106.11	13.55	2.66
	Skewness	0.10	0.43	0.48	0.07	0.55	0.39	-0.23

/...

94. An examination of the data will show that almost two thirds (see tables 17 and 18 below for the details) of the combined technical cooperation assistance of these organizations originated from the World Bank. This is a fairly stable ratio (its standard deviation is only 2.7), except for 1990-1991, when it averaged only 61 per cent. Given this track record, it seems likely that the World Bank will continue to account for the bulk of technical cooperation from the two institutions.

95. Technical cooperation expenditures (in nominal terms) by the World Bank (excluding IDA) reached $943.5 million or slightly more than twice of what it was in 1982. The relatively high mean rate of growth of 11.4 per cent (median rate of growth: 9.8 per cent), should be interpreted and used with caution, as it exhibited a great deal of variation (the standard deviation is 18.2). The 25 per cent increase in expenditure in 1993 is not only the highest for the World Bank since 1983, it is also higher than that recorded by any other technical assistance-giving organization. Negative rates (nominal) were recorded three times (chart 20). In fact, chart 20 is very similar to chart 19, underscoring the dominating effect of the World Bank on total expenditure (absolute amount and rates of growth).

96. Given the high nominal rate of growth, it is evident that the World Bank recorded a growth in real terms – 7.1 and 6.1 per cent, respectively, according to the mean and median. Finally, volatility aside, the World Bank experienced the fastest average rate growth, both in nominal and real terms, of technical cooperation expenditure in the United Nations system.

97. IDA accounted for one third of the technical cooperation expenditure from the two institutions. Its nominal expenditure in 1993, $503.9 million, is 77 per cent more than the amount spent in 1982. Two key features may be noted. First, the mean annual rate of growth is much less than that of the World Bank - 7.8 per cent compared to 11.4 per cent. However, both organizations recorded, on the average, a real increase in expenditure, although it was much smaller for IDA. Second, for both organizations growth oscillated just as much, judging from the size of their respective means to their associated standard deviations.

Table 18. World Bank and IDA: technical cooperation expenditures, 1980-1993

Year	IDA		World Bank		Total World Bank and IDA		World Bank as a percentage of total
	Nominal	Real	Nominal	Real	Nominal	Real	
	(Millions of dollars)						
1982	284	335	447	526	731	861	61.15
1983	294	336	579	661	873	997	66.32
1984	279	305	566	619	845	925	66.98
1985	332	351	616	651	948	1 002	64.98
1986	341	354	722	749	1 063	1 103	67.92
1987	387	387	836	836	1 223	1 223	68.36
1988	412	396	686	660	1 098	1 056	62.48
1989	385	353	731	671	1 116	1 024	65.50
1990	420	366	633	551	1 053	916	60.11
1991	415	346	682	569	1 097	916	62.17
1992	422	341	755	610	1 177	951	64.15
1993	504	397	944	743	1 448	1 139	65.19

Chart 19. World Bank and IDA: nominal growth of technicl cooperation expenditures, 1982-1993

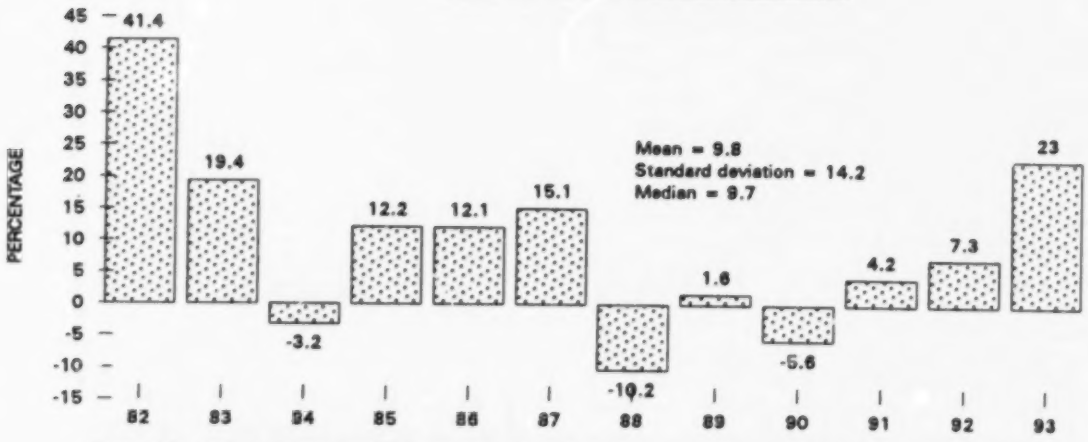


Chart 20. World Bank: nominal growth of technical cooperation expenditures, 1982-1993

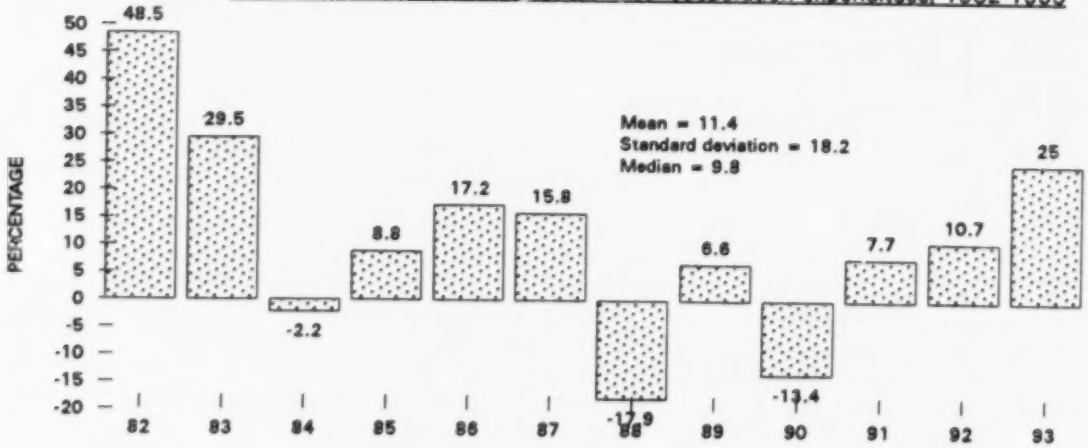
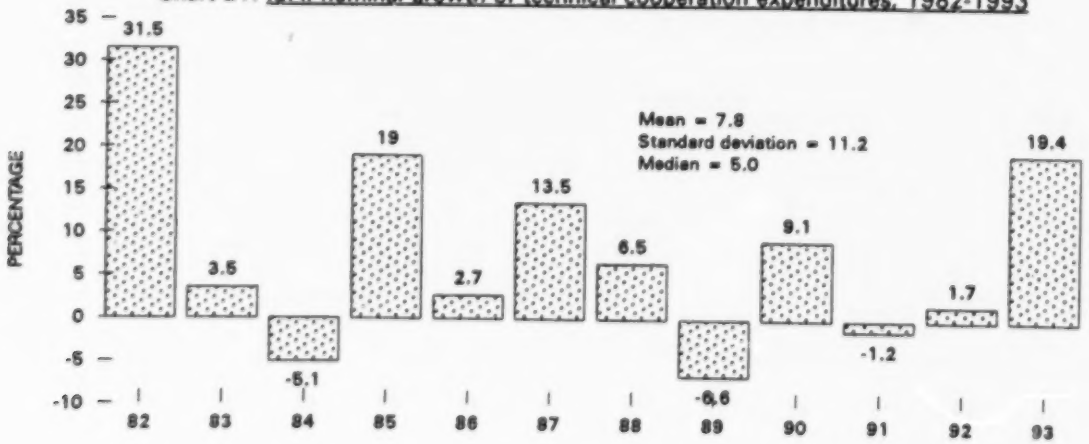


Chart 21. IDA: nominal growth of technical cooperation expenditures, 1982-1993



III. EXTRABUDGETAFY CONTRIBUTIONS TO AGENCIES TO FINANCE TECHNICAL COOPERATION ACTIVITIES

A. Comparability of yearly contributions and expenditures

98. The present classification of extrabudgetary contributions, introduced in 1979, was basically meant to provide a method of organizing contributions according to source: multilateral and bilateral and their various subdivisions. Extrabudgetary contributions, it may be noted, are intended to fund only the extrabudgetary expenditures of agencies. As such, the report does not discuss contributions to agency RBE, UNFPA, UNICEF, WFP or UNDP (central resources and administered funds). Data on contributions for 1993 are contained in tables 8 and 9 of DP/1994/40/Add.2 while a guide to the classification and definition of contributions and expenditures is given in the annex to the present report.

99. One outcome of organizing extrabudgetary contributions and expenditures within a consistent framework is that comparative analysis becomes possible, although not without grave difficulties. An important issue is to establish the relationship between the two variables - is it a simple accounting relationship (that is, one that is true by definition) or is it dictated by time? Given the nature of the United Nations system, the first relation is not expected to hold in any given year as there is always a lag between contributions and expenditure. At best, therefore, the relationship between the two variables is a temporal one. At the risk of distortion - mainly because the length of the time lag varies according to agency and is in fact unknown - the correlation coefficient between extrabudgetary expenditures and contributions (for all agencies lumped together) lagged one year is 0.94, suggesting a very close association. In other words, it seems that current expenditures are heavily influenced by contributions in the previous period but this should be taken as a very tentative result since correlation does not necessarily imply causation. In any case, it should be clear that the discrepancy between the contributions and expenditures cannot be simply put down to administrative costs. The data at hand simply do not permit such an inference, which could be misleading to say the least. Thus, the answer to the question posed at the beginning of this section is that the exercise is possible but it is fraught with difficulties.

100. Total extrabudgetary contribution amounted to $1.070 billion in 1993, about 10 per cent more than the previous year, and double what they were 12 years earlier. This works out to a mean rate of growth of 6.8 per cent but the spread around this mean is very wide, as a value of 14 for the standard deviation indicates. The median rate of growth, which is more appropriate when the data is marked by great variability, is 10.2 per cent. Our first finding, therefore, is that extrabudgetary contributions recorded a real growth in excess of 2.5 per cent per annum but that growth is very volatile (chart 22 plots the annual rates of growth).

101. Contributions are divided into two big categories: (a) bilateral and (b) multilateral.

Chart 22. Total extrabudgetary contributions: nominal growth, 1982-1993

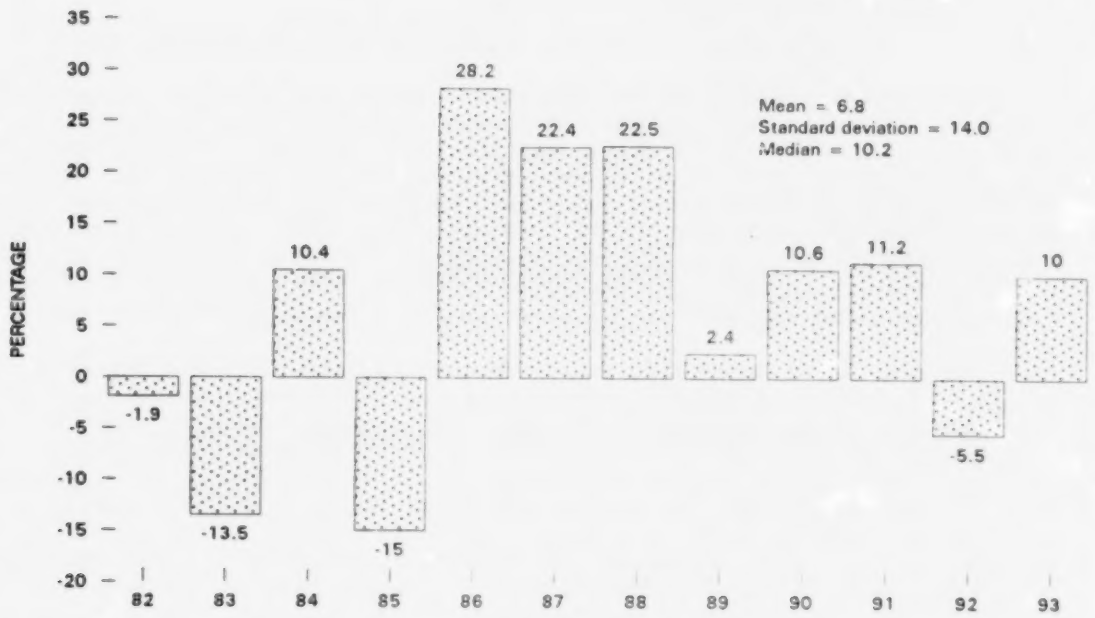
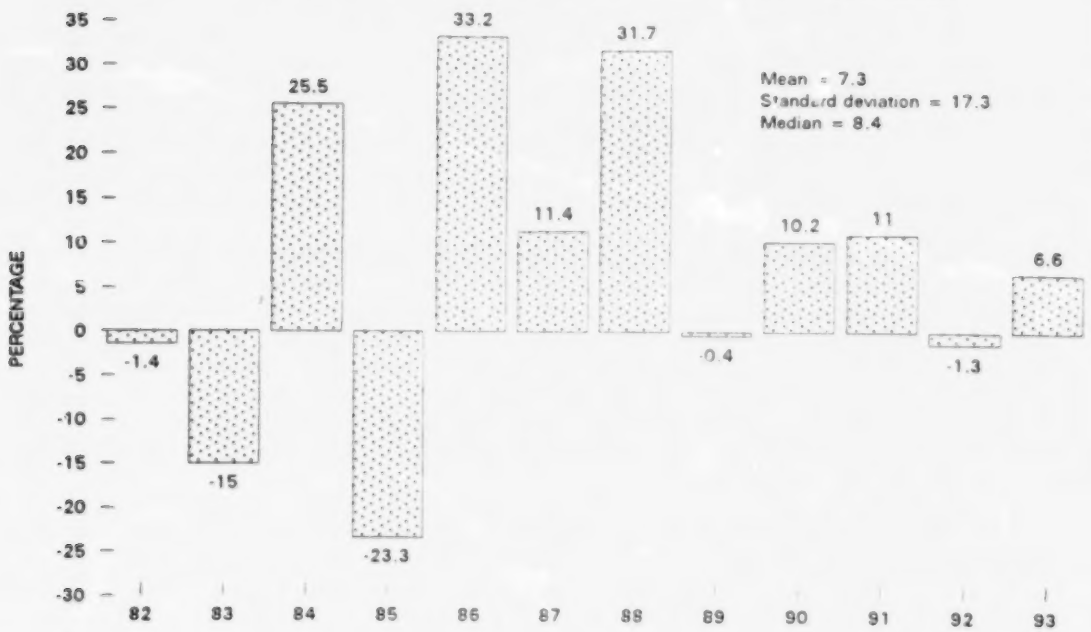


Chart 23. Total bilateral contributions: nominal growth, 1982-1993



B. Bilateral contributions

102. As a general indicator, some two thirds of all extrabudgetary contributions are provided by bilateral sources. Contributions from these sources have remained remarkably stable over time, ranging from 63 to 74 per cent during 1982-1993; at both the beginning and ending of the period, it was the same - 66 per cent. This is one of the great constants (an unchanging or relatively slowly changing) of the United Nations system. As a result, if future values of a variable is a function of its past values, then it is safe to say that bilateral sources will continue to account for the major share of extrabudgetary contributions.

103. Total bilateral contributions during the entire period peaked at $709 million in 1993. This represents an increase of 6.6 per cent over the amount provided in 1992; it was also twice the level of contributions in 1982. An important feature of total bilateral contributions is the double digit rates (both positive and negative) of growth: only 3 out of the 12 years were growth rates in the single digits. The combination high positive and negative rates averages out to a mean of 7.3 per cent with a standard deviation of 17.3 per cent (whenever the standard deviation is greater than the mean, the latter is but a poor guide to the underlying movement of the variable considered). Median growth during the period was 8.4 per cent.

104. A more comprehensive view of the growth performance of bilateral contributions is offered by chart 23. As can be seen, contribution contracted in the early 1980s grew rapidly for the next three years (1986-1988), stagnated in 1989, increased above the median rate during 1990-1991, declined in 1992 and finally grew close to the mean rate in 1993. In short, no single measure of central tendency is able to convey the dynamics of the rate of growth of bilateral contributions.

105. Bilateral contributions are subdivided into: (a) countries/territories (b) NGOs and (c) unilateral self-supporting.

1. Bilateral contributions - countries/territories (table 8 of DP/40/1994/Add.2)

106. Some important features of contributions from member countries/territories include: (a) they constitute the bulk of bilateral funding - approximately 77 per cent per year during the 12-year period; (b) as a share of total bilateral funding, they have been rising since 1986, growing from 67 per cent in that year to 85 per cent in 1993; (c) extreme variability of growth; (d) 14 OECD countries accounted for well over 90 per cent of the contributions; (e) about 90 per cent of these contributions is made to six agencies; and (f) a real growth of about 5.6 per cent per annum.

107. Contributions from this source moved from $231 million in 1982 to $601 million in 1993 - a growth of 160 per cent over 12 years. As might be expected, however, growth was anything but smooth; indeed, it varied in the extreme with the mean (9.7 per cent) twice as large as the associated standard deviation (19.2). Median growth was 7.6 per cent per annum. By any measure of

central tendency - mean or median - it is clear that this category of contributions expanded in real terms: a real growth of 5.6 and 3.5 per cent by the mean and median, respectively.

108. Nominal growth averaged 34 per cent per year during the three years 1986-1988. Positive growth continued until 1992 when contributions fell by 4.8 per cent as the economies of major donors (usually the OECD countries) were still in recession. Countries with the largest contributions in 1992 and 1993 are shown in table 19. As the table shows, the principal OECD countries account for well over 90 per cent of the contributions made by all countries. Hence, economic conditions and other short-term factors in these countries are expected to have a significant impact upon bilateral contributions coming from countries/territories.

Table 19. Major contributing countries, 1992-1993

(millions of dollars)

Countries	1992	1993	Percentage change
Netherlands	92.0	98.9	7.5
United States of America	43.9	73.6	67.7
Italy	91.6	62.9	-31.3
Japan	47.7	57.5	20.5
Sweden	47.5	53.7	13.1
Denmark	31.5	42.4	34.6
Germany	29.9	35.3	18.1
Norway	37.8	34.1	-9.8
Switzerland	28.4	22.9	-22.9
United Kingdom	24.7	23.3	-5.7
France	16.8	15.8	-6.0
Belgium	12.7	15.7	23.6
Canada	13.3	12.2	-9.0
Finland	16.8	8.8	-47.6
Major countries	534.6	557.1	4.2
All countries	554.4	601.2	8.5
Major countries - percentage	96.4	92.7	

109. As is usually the case, the major share of this category of contributions is made to the more established agencies. In 1993, these include WHO ($218.6 million) FAO ($153.3 million); ILO ($60.5 million); UNIDO ($44.8 million); UNESCO ($43.4 million); and ITC ($15.6 million). Together, these six agencies were the recipients of 90 per cent of the contributions from bilateral country donors.

2. Bilateral contributions - unilateral self-supporting sources (table 9 of DP/1993/58/Add.1)

110. Contributions from unilateral self-supporting sources, comprising about 18 per cent of total bilateral contributions during 1982-1993, are distinguished by several features, including (a) a decline in both nominal and real terms - 0.3 and 4.2 per cent respectively - and thus a tendency towards long-term decline; (b) extreme variability in the rate of growth - the fluctuations are so large that annual rates of growth are incapable of capturing the underlying dynamics; (c) domination by a few countries even though most countries contribute; and (d) the relatively wide dispersion of contributions among agencies.

111. Unilateral self-supporting contributions totalled $73 million in 1993, which represent a decline of 32 per cent over the amount recorded in 1982. It must be immediately added, however, that 1982 was an unusual year in the sense of having an unusually high level of contributions ($106 million): it is one of the two extreme values in the data series for this variable. (Incidentally, unilateral contributions were very high in both 1981 and 1982, years when the major donor countries were in the grips of the longest and deepest post-war recession.)

112. In nominal terms, unilateral self-supporting contributions contracted by 0.3 per cent; if rising prices are factored in the equation, the contraction is much more pronounced: 4.2 per cent. If the median is used, as it should be because of the extremely high standard deviation, then the contraction is even more severe. Another indication of this shrinkage is the fact that this category of contributions (both nominal and real) fell in eight of the 12 years in the period reviewed.

113. Almost all countries participate in unilateral self-supporting contributions. At the same time, however, contributions are dominated by a few countries. In 1993, 20 countries, all of which contributed more than $1 million, were responsible for $55.8 million, or 78 per cent, of total unilateral self-supporting contributions, with the Libyan Arab Jamahiriya and Saudi Arabia accounting for 26 per cent, which is less than previous years. Unilateral self-supporting contributions are thus, paradoxically, concentrated and dispersed at the same time.

114. As in past years, the largest portion of unilateral self-supporting contributions was destined for FAO - 35 per cent in 1993 compared to 50 per cent in 1992. Aside from FAO, several other agencies (ECE, UNIDO, ILO, WHO, ITU, ICAO, IAEA, United Nations and UNCTAD) are also recipients of large amounts. These 10 agencies therefore accounted for 93 per cent of unilateral self-supporting contributions in 1993.

3. Bilateral contributions - non-governmental organizations (table 8 of DP/1993/58/Add.1)

115. Contributions from this source represent, in effect, a transfer of resources from NGOs to the United Nations system to fund projects in programme countries. Most of these NGOs (that is, non-public sector organizations), as might be expected, are located in the developed countries (see table 8 for details). Some are foundations, some are affiliated with private companies, others are non-profit organizations, etc. The fact that these organizations choose to fund projects in the developing world by shifting part of their own resources to the United Nations system is a tribute to the work of the agencies, given that these organizations are themselves directly involved on the ground with the practical aspects of development.

116. NGOs comprise the smallest component of total bilateral contributions, averaging only 4 per cent during the period, although since 1990 this share has been rising. This observation is further supported by the fact that NGOs witnessed the fastest rate of growth, both in nominal and real terms, of all bilateral sources and experienced an accelerated growth since 1987.

117. Contributions from NGOs totalled $36 million in 1993 or four times the amount provided at the beginning of the period. However, this comparison is a tenuous one as 1982 was an atypical year: contributions were only $9 million, the lowest in the entire period. In addition, the yearly rates of nominal growth experienced a great deal of variation, both in terms of direction and magnitude. Nevertheless, given these inherent tendencies, nominal growth averaged 12.2 per cent per annum, thus permitting a large real increase (8 per cent) in contributions from NGOs – indeed, of the three bilateral sources, NGOs experienced the fastest rate of growth, both in nominal and real terms. Much of this rapid growth took place from 1987, when contributions apparently shifted to a higher plane. The 9 per cent growth in 1993 was the largest for the three sources of total bilateral contributions.

118. In any given year, a large number of NGOs make contributions to the United Nations system – as much as 150 such organizations. But among this large number there is also concentration: about 15 NGOs are responsible for two thirds of the contributions, with the largest being the Merck Sharp and Dohne Research, USA, which accounted for close to one quarter of the contributions (see table 20 below for a list of the largest NGOs during the last two years).

119. Is the agency distribution of contributions from NGOs skewed? Very much so – WHO was the recipient of about two thirds of the contributions. As a deduction, it can therefore be said that a large fraction of the contributions from this source is intended for investment in the health sector. Significant amounts of the resources from NGOs also go to UNESCO and FAO. In fact, these three agencies (WHO, UNESCO and FAO) are responsible for well over 80 per cent of the contributions from NGOs, on the average (table 21). It would be an interesting exercise to find out why these three agencies command the bulk of the resources from NGOs – perhaps because of common interests, better campaigns, and because they are better known among the NGOs.

Table 20. Largest contributing NGOs, 1992-1993

(millions of dollars)

Non-governmental organizations	1992	1993
Carnegie Corporation, New York	0.61	0.58
Cement Company of Northern Nigeria	0.58	-
Central American Bank for Integration	0.55	0.10
ELF Foundation, France	1.23	0.28
Ford Foundation, USA	0.21	0.54
Japan Wellness Foundation, Japan	0.50	0.50
Korean Pyengwang Trading Corporation, Korea	0.50	-
Merck Sharp and Dohne Research, USA	7.21	9.61
Nigerian National Petroleum Corporation, Nigeria	0.78	-
Rockefeller Foundation, USA	1.79	1.74
Rotary Foundation, USA	1.06	0.60
Sasakawa Health Trust Fund	4.00	4.06
Servicio Nacional de Aprendizageni Industrial, Brazil	0.74	-
Special Programme for Research and Training in Tropical Disease	1.01	0.93
Trust Fund Miscellaneous	1.23	4.48
Subtotal	22.0	23.42
All others	11.09	12.85
TOTAL	33.09	36.27

Source: DP/1993/58/Add.1 and DP/1994/40/Add.2, table 8.

Table 21. NGO contributions: the largest agencies, 1992-1993

(millions of dollars)

Agencies	1992	1993
WHO	22.14	28.61
UNESCO	2.87	3.20
FAO	1.10	1.52
IMO	0.57	0.84
UNIDO	4.89	0.73
ECLAC	0.85	0.25
Subtotal	32.42	35.15
All others	0.67	1.12
TOTAL	33.09	36.27

Source: DP/1993/58/Add.1 and DP/1994/40/Add.1, table 8.

C. Multilateral contributions

120. Over the 12-year period, multilateral contributions made up one third of total extrabudgetary contributions, a share that oscillated only marginally, staying within a narrow bound, judging from the size (2.7) of the standard deviation. This validates the stable ratios thesis noted above: the relative constancy of the shares of bilateral and multilateral contributions. All other things being equal, it may be said that, at least in the short-term, the bilateral-multilateral ratio in total contributions will continue in the vicinity of 2:1 (two-to-one).

121. Nominal contributions from all multilateral sources peaked at $361 million in 1993 (in real terms the peak of $297 million was achieved in 1991) during the 12-year period. Aside from this record, the highest nominal growth (17.2 per cent) since 1987 was set in 1993, when contributions were twice the level reached in 1982. This would seem to suggest rapid overall growth and indeed so it was: total multilateral contributions grew, on average, as fast as total bilateral contributions - 7 per cent per annum (see chart 24 for yearly rates of growth). For both sources, this permitted a real growth of 3 per cent per annum. Interestingly, both categories of contributions exhibited an equal degree of volatility (both categories have a standard deviation of 17.3). However, the two series show two important differences: (a) multilateral contributions grew at a slower annual rate; that is, it recorded smaller

positive and negative values; and (b) bilateral contributions grew more erratically - higher annual rates and a tendency to move between positive and negative values more frequently.

122. Multilateral contributions are subdivided into (a) United Nations system and (b) non-United Nations system.

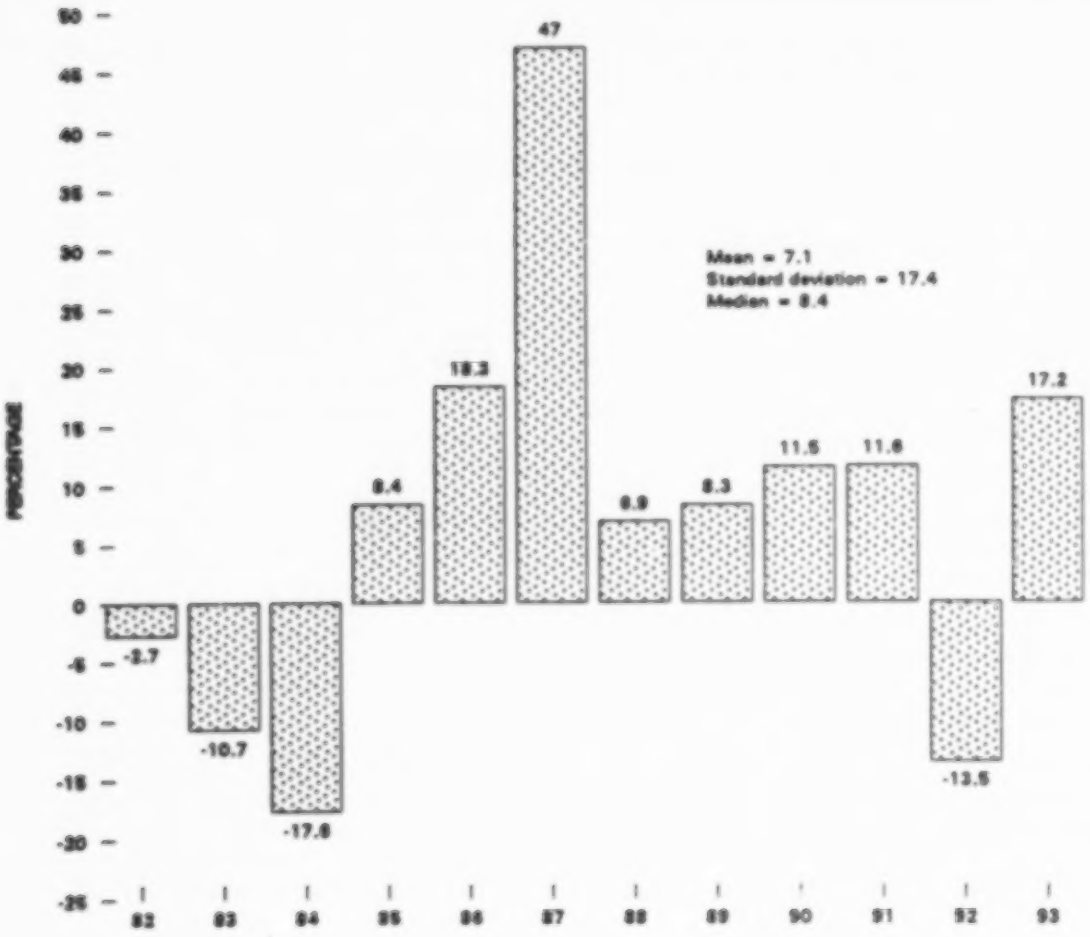
1. Multilateral contributions - United Nations system (table 8 of DP/1993/58/Add.1)

123. Contributions from the United Nations system represent, in effect, no more than an internal transfer of funds among agencies within the system. Their distinguishing feature is that they do not add to the aggregate of contributions in the United Nations system but merely redistribute such resources. Such internal shifting around of resources not only dominates total multilateral contributions, accounting for an estimated 86 per cent annually, but they also have a long-term tendency to remain fairly stable although there is some indication of a gradual erosion since 1990. Other important features include: (a) a growth (mean) in real terms of about 2 per cent per year; (b) considerable variability of growth, both nominal and real; and (c) participation of a large number of entities in the circular flow of resources, which may be taken as a rough indicator of interdependencies within the United Nations system.

124. Contributions from the United Nations system totalled $299 million in 1993, rising 12 per cent above the previous year, and about 86 per cent more than the amount reached in 1982. This works out to an annual average rate of growth of 6.4 per cent in nominal terms or slightly more than 2 per cent in real terms. The fact that median rate of growth (both nominal and real) was much larger than the mean rate, implies a considerable degree of variability (and this is supported by the standard deviation of about 21 in both cases). Given the dominance of this category of contributions, its pattern of growth closely resembles that of total multilateral contributions: contraction --> recovery --> peak --> subdued growth --> sudden decline --> recovery. Interestingly, both contractions coincided with the downswing of the United States business cycle.

125. As can be seen from table 8 of DP/1994/40/Add.2, a large number of United Nations entities are involved in the circular flow of resources – one indicator of the degree of integration of the components of the system. Again, the larger agencies dominate, both as contributors and as recipients.

Chart 24. Total multilateral contributions: nominal growth, 1982-1993



2. Multilateral contributions - non-United Nations system (table 8 of DP/1993/58/Add.1)

126. Contributions from this source comprise resources channelled through the United Nations system by multilateral organizations that are not part of that system. Thus the specific nature of these contributions is that they augment existing resources in the United Nations system. Some non-United Nations system organizations include the African Development Bank, Arab Gulf Fund for United Nations Development Organizations and the European Community. For a complete list, see table 8 of DP/1994/40/Add.2.

127. On the average, about 14 per cent of total multilateral contributions is attributable to non-United Nations system sources. A closer scrutiny of the data show that this share was at its highest (averaging 18 per cent) during 1983-1986, abruptly dropped off in the following three years but recovered some of the lost ground since then. Other features are: (a) huge rates of expansion and contraction (b) stagnation in real terms and (c) dominance – of both a small number of contributors and agencies.

128. In 1993, contributions peaked at $62 million, the highest since 1980 (perhaps the highest ever). In terms of growth, this works out to 51.2 per cent over 1992, when a steep decline (20 per cent) over 1991 took place. Indeed, one distinguishing feature of this category of contributions is the rates of growth, both negative and positive, with the exception of 1985 and 1988 when growth was non-existent. Twice (1982 and 1990) growth exceeded 100 per cent.

129. Did contributions from non-United Nation system sources grow in real terms? The answer is not as evident as the previous paragraph would imply. Why? Because rates of growth varied considerably around the mean. As a result, while the mean rate of nominal growth is 28.6, the median rate is only 4 per cent. The picture is even more uncertain in real terms: the mean and median are 23.6 and 0.3 per cent respectively. As has been already observed, in such circumstances the median rate of growth is a better guide and the conclusion would have to be drawn that contributions from this source remained stagnant in real terms (see boxes 3 and 4). It would be an illuminating exercise to ascertain the factors that influenced contributions from this source. It would seem at first that short-term economic conditions do not wield as decisive an impact as they do on contributions from bilateral donors.

130. Although a large number - some 40 or so each year - of non-United Nations system multilateral organizations are involved, eight of them were responsible for about three quarters of the contributions during 1992-1993 (table 22). Over 80 per cent of the total contributions from these sources was intended for four agencies: FAO, UNESCO, WHO and UNCHS (table 23). It seems, therefore, that non-United Nations system sources prefer to channel their contributions to agriculture, education, health and housing - that is, to the social sectors and the sector that is most important in terms of employment and contribution to output.

Table 22. Non-United Nations system contributions: the major donors, 1992-1993

(millions of dollars)

Organization	1992	1993
African Development Bank	2.31	2.58
Asian Development Bank	0.96	1.26
Commission of the European Communities	3.89	15.77
DANIDA	3.26	1.59
European Economic Commission	3.69	3.71
Islamic Development Bank	0.06	6.44
Multi-donor Trust Fund	16.21	12.44
United Nations Department of Humanitarian Affairs	-	9.80
Subtotal	30.38	53.59
All others	10.63	7.83
TOTAL	41.01	61.42

Source: DP/1993/58/Add.1 and DP/1994/40/Add.2, table 8.

Table 23. Non-United Nations system contributions: major recipient agencies, 1992-1993

(millions of dollars)

Agencies	1992	1993
FAO	24.52	28.61
UNCHS	3.77	1.67
UNESCO	1.86	10.49
WHO	4.17	15.97
Subtotal	34.32	56.74
All other agencies	4.68	6.69
TOTAL	41.01	61.42

Source: DP/1993/58/Add.1 and DP/1994/40/Add.2, table 8.

Notes

1/ The United States Consumer Price Index was used as the deflator. By this measure, the average rate of inflation during 1982-1993 was 4.5 per cent. This average was calculated from OECD, Economic Outlook, No. 54, December 1993 (table A 14) and IMF, World Economic Outlook, May 1993 (table A.8).

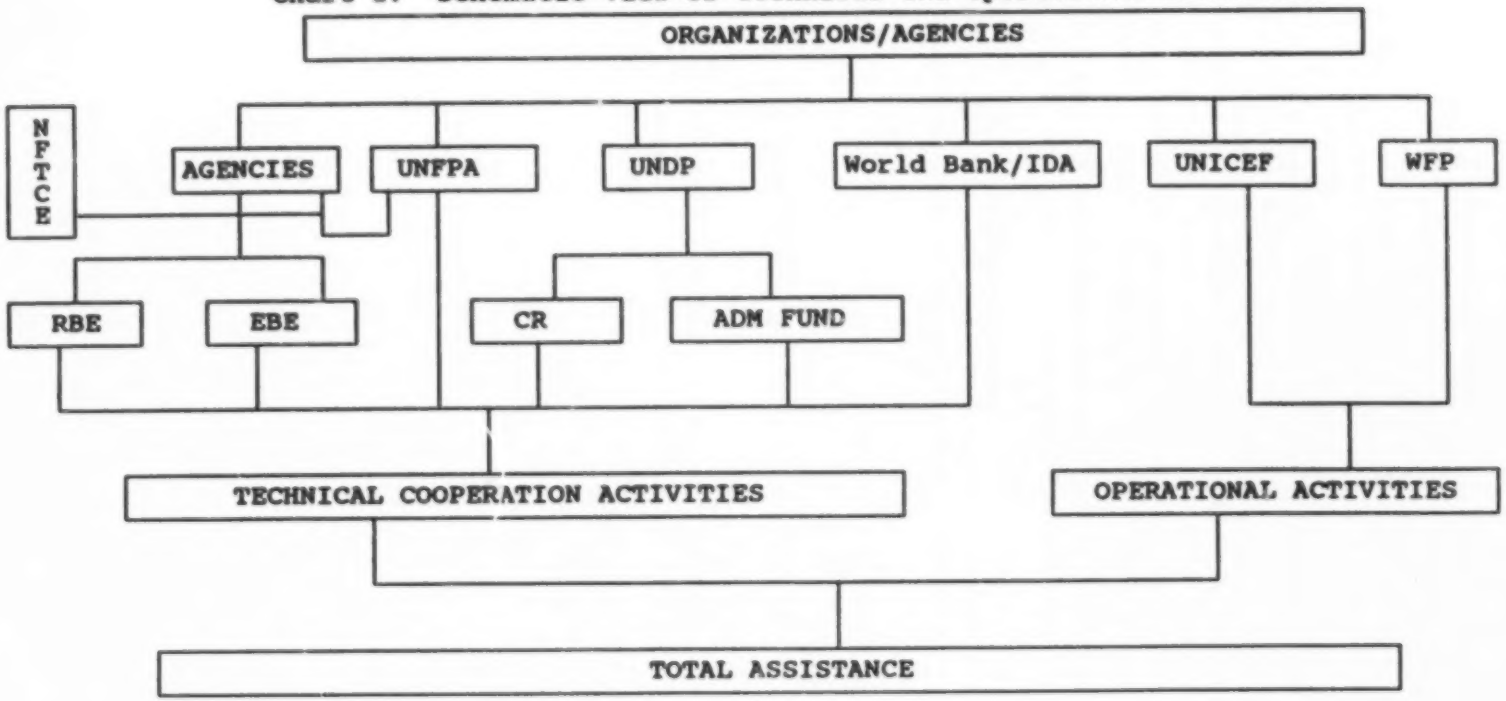
2/ The change in the definition of non-UNDP-financed technical cooperation expenditures resulted in a downward adjustment of B1 expenditures (expenditures funded by the United Nations system) since expenditures by UNDP-administered funds have been subtracted. In addition, since the focus is on agencies, the extrabudgetary expenditures of the latter are net of UNFPA.

3/ For present purposes, assistance delivered by UNICEF and WFP are classified as operational assistance as distinct from technical cooperation assistance.

4/ Note that the discussion refers only to technical cooperation expenditure by these organizations. Expenditure on capital investment is excluded.

Annex

Chart 1. Schematic view of technical and operational activities



NFTCE - Non UNDP-financed technical cooperation activities
RBE - Regular budget expenditures
EBE - Extrabudgetary expenditures
CR - Central resources of UNDP
ADM FUND - Funds administered by UNDP
WFP - World Food Programme
UNICEF - United Nations Children's Fund
UNFPA - United Nations Population Fund

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Chart 2. Schematic view of expenditures and contributions